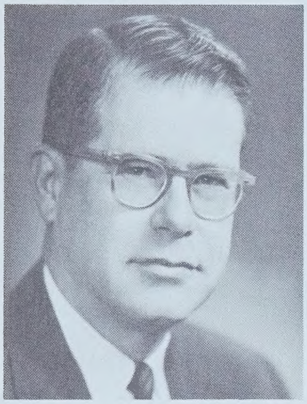
# IMPERIAL OIL LIMITED
# ANNUAL GENERAL
# AND SPECIAL GENERAL MEETING
# APRIL 18, 1967

W. O. TWAITS
*Director and President*

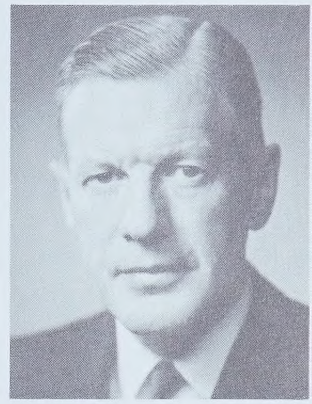
J. A. ARMSTRONG
*Director and*
*Executive Vice President*



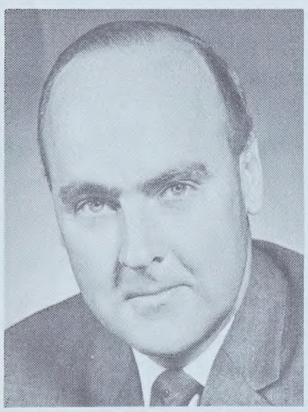
J. A. COGAN
*Director and Vice President*

L. D. FRASER
*Director and Vice President*

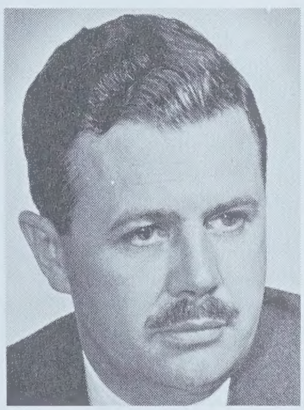
T. F. MOORE
*Director and Vice President*



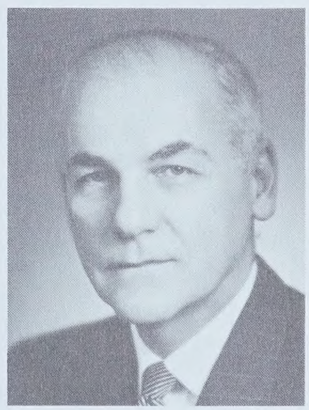
V. TAYLOR
*Director and Vice President*



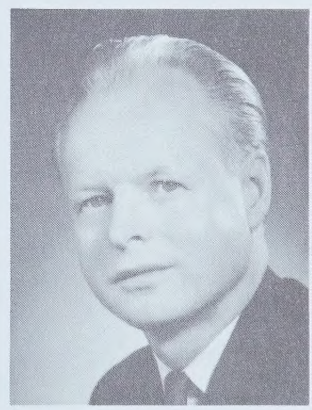
J. W. FLANAGAN
*Director*



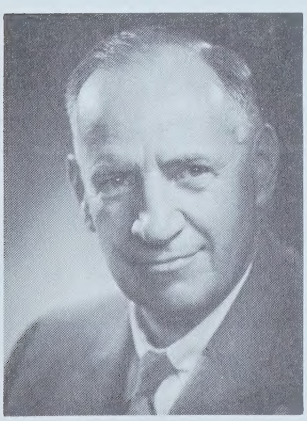
J. W. HAMILTON
*Director*



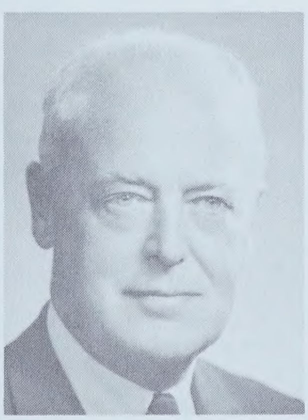
A. C. HARROP
*Director*



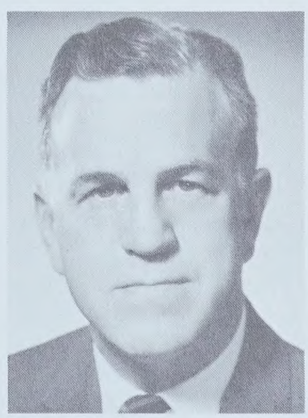
R. S. RITCHIE
*Director*



D. S. SIMMONS
*Director*



J. F. BARRETT
*General Counsel*



G. M. HENDERSON
*General Secretary*

FROM: IMPERIAL OIL LIMITED,
111 ST. CLAIR AVENUE WEST,
TORONTO.



FOR RELEASE IN NEWSPAPERS OF MONDAY, APRIL 3

TORONTO, April 3 -- Although Imperial Oil experienced a record-breaking year of operations, president W.O. Twaits stressed the need for an improvement in petroleum product prices in the company's 1966 annual report, released today.

"Prices must improve," he said, "if, over the long term, the industry is to continue to provide the increasingly expensive facilities needed to meet rising demand." He pointed out that "the oil industry is one of the very few which is receiving less for its products than 10 years ago, although the quality of those products has improved appreciably in that period."

Imperial's earnings reached a record $92 million, an increase of seven per cent over 1965. Production of crude oil and natural gas, and the volumes of petroleum products manufactured and sold, achieved new highs, while capital and exploration expenditures reached $140 million, up 21 per cent over the previous year.

Dividends totalled $2 per share, an increase of 15 cents per share over 1965.

The company also experienced a record level of taxes paid to and collected for all levels of government -- totalling almost $300 million. Salaries and wages paid also achieved a record high.

Mr. Twaits said that the year was "a good one generally for the oil industry. The continued increase in product demand further reduced excess refinery capacity to the point where supply was largely in balance with demand.

"With demand expected to increase about four per cent per year,"

he said, "Imperial has started a major refinery investment program."

He noted that spare refinery capacity was at its lowest since 1956, and that "product prices recovered somewhat in most major markets." He added, however, that "present wholesale price levels are still such that return on manufacturing/marketing investment is low."

Mr. Twaits said that the fact that the wholesale price of gasoline is lower than it was 10 years ago has been obscured by sharp increases in provincial road taxes and the federal sales tax.

Petroleum product sales amounted to 346,000 barrels per day, compared with 348,000 barrels per day in 1965. Gross production of crude oil and natural gas liquids was 146,000 barrels per day, up 13,000 barrels per day. Refinery runs averaged 346,000 barrels per day, as against 332,000 barrels per day in 1965.

Significant operational highlights of the company during 1966 included continued successful drilling in the Rainbow area of northwest Alberta, and a large increase in the company's chemical product sales -- 20 per cent above the value of sales in 1965.

The year also saw the discovery by Imperial and partners of a large reserve of columbium in the James Bay area of northern Ontario; the construction of more than 100 Engro fertilizer warehouses across the prairie provinces, and the opening of a new laboratory to do applications research in the polyvinyl chloride plastics field.

- 30 -

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AR36



## BY-LAW NUMBER A-1

By-law number A-1 is a general revision and updating of the by-laws relating generally to the transaction of the business and affairs of Imperial Oil Limited. The following provisions require your particular attention, viz.:

A provision respecting an executive committee of the board of directors changes the former by-law relating to this matter by setting out in By-law number A-1 the limitations and restrictions placed on the powers of the executive committee which was established in 1952.

The Board of Directors is reduced from eleven to ten.

The authority of the board of directors to borrow money upon the credit of the Company and to give security therefore is continued.

Provision is made for the location of the head office of the Company in the Municipality of Metropolitan Toronto.

Your attention is drawn to the following matters in By-law number A-1:

Provision is made for the removal of a director from office, with or without cause, by the shareholders at a special meeting called for that purpose. There is also provision made for the indemnification of directors and officers.

By-law number A-1, if sanctioned by the shareholders, will repeal, without prejudice to any actions taken or rights acquired thereunder, all past by-laws of the Company except stock option By-laws numbers 386 and 394.

Esso

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# IMPERIAL OIL LIMITED

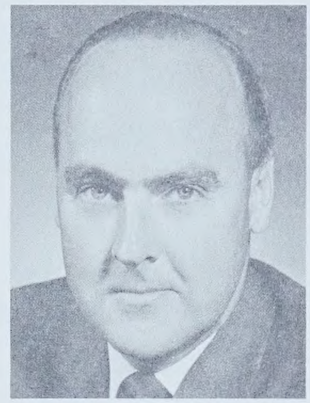
## ANNUAL AND SPECIAL GENERAL MEETING OF SHAREHOLDERS

W.O. TWAITS
*Chairman of the Board*
*Director*

J.A. ARMSTRONG
*President and C.E.O.*
*Director*

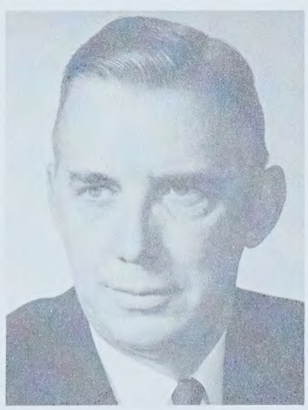
R.G. REID
*Executive Vice President*
*& Director*

J.A. COGAN
*Senior Vice President*
*& Director*



J.W. FLANAGAN
*Senior Vice President*
*& Director*

J.H. HAMLIN
*Senior Vice President*
*& Director*

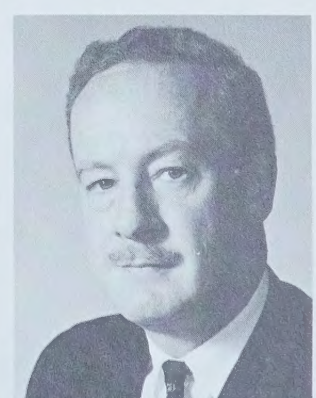


J.G. LIVINGSTONE
*Senior Vice President*
*& Director*

D.K. McIVOR
*Senior Vice President*
*& Director*

CANADIAN ROOM
ROYAL YORK HOTEL
APRIL 22, 1974

G.M. HENDERSON
*General Secretary*



H.W.D. KILGOUR
*Assistant*
*General Counsel*

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# IMPERIAL OIL LIMITED

## Corporate Profile

### AN OVERVIEW

ImperialOil Limited has been growing with Canada for more than 100 years. From 1880, when the company was founded by 16 Ontario oilmen, to the present, with more than 16,000 employees across the country, Imperial has grown to Canada's largest oil company. Ranked first in terms of assets, revenues and production of crude oil, the company also is among the five largest natural gas producers. Its six refineries have a combined capacity of 483,000 barrels a day, making it the country's largest refiner, and petroleum products are marketed under the Esso trade mark at 4,125 outlets across Canada. The company sells a range of products, from gasoline to aviation fuel; from fertilizer to building products. Imperial headquarters are located in Toronto and its exploration and production subsidiary, Esso Resources Canada Limited is Calgary-based. Through another subsidiary, Esso Chemical Canada, the company is actively involved in the petrochemical industry and its Esso Minerals Canada subsidiary is among the country's top 10 mineral companies, with interests in coal, uranium, copper, lead, zinc and other base metals. Imperial has its own fleet of tanker ships plus investments in a number of pipeline companies. The company also has a 25 percent interest in the Syncrude Canada commercial oil-sands plant, which produces upgraded crude oil.

### Financial highlights

Consolidated earnings reached a record $682 million in 1980, up from $493 million in 1979, while earnings per share increased to $4.71 from $3.78 in the previous year. In 1980, earnings as a percentage of capital employed represented 15.7 percent. Imperial's capital and exploration costs plus the increase in working capital totaled $1.1 billion in 1980: essentially 100 percent of the company's cash from operations. Dividends totaled $1.40 per share in 1980.

### Exploration/Production

In the past 100 years, Imperial has produced the equivalent of more than 290 million cubic metres of oil. Its net proved oil reserves at the end of 1980 stood at 139.5 million cubic metres, not including Beaufort/Mackenzie Delta or Arctic discoveries. Working alone or with others, the company participated in the drilling of 124 oil and gas exploration wells in 1980. Imperial is active in exploration in areas of western Canada, the Mackenzie Delta and the Beaufort Sea, the Arctic and the waters off the Atlantic coast. Temporarily on hold pending resolution of the federal-provincial conflict on revenue-sharing is the company's Cold Lake "in situ" project, in which heavy crude is recovered from oil sands through a steam injection technique, and the Judy Creek tertiary recovery project.

### Marketing/Refining

From 1920, when Imperial gasoline was sold in Canada's first "gasoteria" or self-serve station, to the present, the company has stressed efficient servicing of customer needs with quality products. In 1980, a number of programs designed to improve efficiency of operations were well-under way, and product lines were upgraded to help consumers save on their energy dollar. A $3.4 million program aimed at providing fewer but larger and more productive distribution terminals, continued, and microprocessing equipment continued to be installed in terminals to further improve efficiency in product distribution. Products introduced recently include: the improved Uniflo 10W30 motor oil with the SR-80 additive system for extra engine protection; the improved Essolube XD3, a lubricant designed for diesel engines to reduce power loss and save fuels; and Nuto H, a universal grade of hydraulic oil for use in a wide range of pumps. In keeping with its objective of providing service to the consumer, Imperial also launched the Esso Auto Club recently.

As the market for petroleum products changes and crude oil from new and different sources come into production, Imperial's refineries face a major program of refinery upgrading and investments. The heavier crudes and synthetics replacing light conventional crudes reduce the flexibility of conventional refining facilities, while at the same time product mixes must be adjusted to the needs of a changing market. Imperial spent $155 million in 1979 and 1980 on refinery improvement. The largest project is under way at the Strathcona refinery, where an estimated $290 million will be spent over three years to upgrade the refinery to permit year-round operation at maximum capacity as well as expand production of asphalt from Cold Lake bitumen. As a result, a greater proportion of high-grade products will be produced more efficiently, using substantial quantities of unconventional crudes.

### Chemicals

Imperial Oil has been active in the petrochemical industry since the early 1940s when it participated in the production of synthetic rubber for the Allied war effort. Now Esso Chemical Canada, its subsidiary, produces a range of products including petrochemicals, plastic resins, fertilizer, building materials and cordage. At the company's Redwater, Alta. complex, nitrogen and phosphatic fertilizer are produced. Upgrading Canadian hydrocarbons to meet agricultural needs displaces imported fertilizer and opens new opportunities for exports, but rapidly increasing demand has outstripped capacity at Redwater, and the company has begun construction on a $400-million nitrogen fertilizer plant. In early 1981, the Alberta Energy Resources Conservation Board recommended approval of an application by Esso Chemical Canada and Alberta Energy Company Ltd. for a joint venture addition of a $300-million styrene plant to the Petalta project. The company also has proposed a world-scale plant to produce low-density polyethylene in Sarnia, Ont., and engineering work continues on the expansion of the company's polyvinyl-chloride plant, also in Sarnia.

### Research

Imperial performs all research it wishes for its own purposes. However, by agreement, the company makes its research available to other members of the Exxon organization and in return gains access for its own use to more than $400 million of worldwide research done annually by Exxon and its affiliates. Through agreement with Exxon, Imperial has world technical mandates for all of Exxon's R & D in heavy crude recovery, lube-oil processing, polyvinyl-chloride plastics and lubricating base-oil quality.

The company has had a long-standing commitment to research and development since 1924, when the first laboratory was opened in Sarnia, Ont. Now the company has three laboratories and more than 600 employees working on research projects which range from the development of techniques for construction of artificial islands to experimentation with conversion technology for manufacturing lube oils from synthetic crude. The company's total research expenditures in Canada approximately $47 million in 1980, an increase of approximately $10 million over 1979 research spending. In the field of alternate energy, Imperial is experimenting with the use of propane as a transportation fuel and the company's Sarnia, Ont. solar truck wash represents a practical use of solar energy.

### History

The Imperial Oil Company, as it was called in its early days, was founded in 1880 at a time when the Canadian kerosene market (then the main product) was glutted, and cheaper U.S. crude oil was giving stiff competition. The new company's charter was to find, produce, refine and distribute petroleum and its products throughout Canada. As part of its distribution mandate, Imperial opened Canada's first gasoline station in Vancouver in 1907. And in 1910, as demand for its products grew, Imperial set out for unchartered land to hopefully augment dwindling reserves from Ontario fields. Imperial geologists traveled west to Turner

Valley, Alta.; north to an area near Fort Norman, N.W.T.; and south to the jungles of South America in search of oil. Expeditions were launched in the Prairies and the Gaspé region of Quebec. In 1924, Royalite Oil Company, an Imperial subsidiary, struck oil in Turner Valley: other companies followed, and in the 20s and 30s, Turner Valley oil accounted for all Canada's domestic supplies. But it wasn't enough. Imperial's geologists turned to a site near Edmonton. Results were long in coming but gratifying; in 1947, after drilling 133 dry holes, Imperial's Leduc No. 1, located approximately 30 km southwest of Edmonton, came in a winner. Leduc, which was to trigger a succession of exploration successes, signaled the real beginnings of Canada as a major oil-producing country. To transport Alberta's oil, Imperial initiated construction of the Interprovincial pipeline, which subsequently became the world's longest line, stretching 2,000 miles to the Ontario border. Meanwhile, Imperial was building and expanding refineries and in the 1950s and 1960s, as demand for gasoline and motor oil grew, Esso stations were constructed from coast to coast. A decade later, as consumer demands changed and as prices rose, Imperial was in the vanguard, opening its first self-serve station in 1971. And as Canada's conventional petroleum reserves began to dwindle, the company once again moved to uncharted territory — this time to Canada's North. Although no stranger to the North, (Imperial's Norman Wells field, located south of the Arctic circle, had been producing for 50 years), the company's new exploration initiative has been a blend of frustration and success. Considerable reserves of natural gas have been found, along with oil in quantities that would be commercial in more accessible areas. The company's greatest encouragement to date came in June of 1980 when a well, drilled from an artificial island in the Beaufort Sea, yielded both oil and gas. Known as Issungnak 0-61, it is the fifteenth artificial island built in the Beaufort Sea and further drilling is proceeding on it.

## COMPANY POLICY

It is Imperial's policy to maintain the highest standards of ethics in its relationships with customers, shareholders, business associates, suppliers, the public, and government. Every Imperial employee is issued a 23-page booklet "Corporate Ethics — A Statement of Role and Principles." "No employee, from myself to the newest trainee, is ever expected to commit an illegal or unethical act. Not in the name of business efficiency. Not to get results. Not for any other reason," Imperial Chairman J.A. Armstrong writes in its foreword.

### Imperial's Buy-Canadian Program

All things being equal — quality, service and price — Imperial's purchasing policy is to give preference to Canadian suppliers, contractors, and consultants and to those conducting business in the province or area of the company's needs. Firms are further encouraged to manufacture in Canada, materials needed by Imperial. In 1980, Imperial purchased $1.3 billion of materials and services and this is expected to rise to $2 billion by 1985; approximately 85 to 90 percent of manufactured goods purchased has a predominantly Canadian content.

### Responsibilities to Employees

In an industry devoted to the development of natural resources, Imperial is committed to developing human resources. The company has had and still maintains a career approach to employees and this commitment extends to careful selection in hiring, discovering potential and developing it in a series of progressively more responsible jobs. Employees hired by Imperial have wide mixes of academic background so that they have access to many opportunities within the company. Salaries are competitive and the company offers flexible hours and work weeks. The company has a policy of filling key jobs from within the organization through regular appraisals of performance including

discussions with employees during which the ambitions, training needs and advancement potential of employees are mutually identified. A number of management courses are available to professional and management employees.

### Health, Safety and Environmental Protection

Occupational health and safety, environmental protection and protection of physical assets are of paramount importance to Imperial. Thus the company accepts the responsibility of providing a working environment in which employees can function without exposing themselves or others to harm and without causing harm to the environment. Also as a result, Imperial has safety and pollution standards that keep up with, or exceed, in many cases, government standards.

### Responsibility to Customers

Customer satisfaction is central to Imperial's continued success. The company's policy is to provide products and services, that, by all reasonable standards meet or exceed specifications and consumer needs. Products and services are priced competitively and terms of sale are always explained as are details of guarantees and warranties. Requests for information, complaints and suggestions from customers are responded to promptly.

### Contributions Programs

With a total contributions budget of approximately $7 million in 1981, Imperial lends support to a range of deserving causes. In recent years allocations averaged: 41 percent for educational activities; 18 percent for welfare agencies, such as United Way; approximately seven percent for hospitals and health; nine percent for community services; five percent for sports activities; five percent to promote public understanding and 13 percent for cultural activities.

Contributions include sizeable research grants to universities; donations to special causes, such as the Terry Fox cancer fund; funding for sports organizations (such as Swim Canada), and cultural institutions (such as the Canadian Opera Company). For its centennial, Imperial commissioned the National Ballet of Canada to create The Newcomers' ballet, based on the company's television series by the same name. Choreographer Brian MacDonald was commissioned by the National Ballet and the work is being performed in a number of Canadian centers.

## OWNERSHIP

There are 48,442 holders of Imperial shares, which are listed on the Montreal, Toronto and Vancouver Stock Exchanges and are traded on the American Stock Exchange. High for Imperial A shares was 57½ in 1980; low was 30⅜. In 1899, the Standard Oil Co. purchased a majority interest in Imperial, providing the necessary capital for it to expand to meet growing demand for products. Now Exxon Corporation (formerly Standard Oil) owns 69.6 percent of Imperial.

### Subsidiary Companies

W. H. Adam, Ltée, Ltd.
Atlas Supply Company of Canada Limited
Building Products of Canada Limited
Canada Wide Mines Ltd.
Champlain Oil Products Limited
Delta Rope & Twine Limited
Devon Estates Limited
86129 Canada Ltd.
ESF Limited
Esso of Canada Limited
Esso Resources Canada Limited
446259 Ontario Limited
The Imperial Pipe Line Company, Limited
Maple Leaf Petroleum Limited
Mongeau & Robert Cie Ltée
95185 Canada Limited
95269 Canada Limited
Nisku Products Pipe Line Company Limited
Northwest Company, Limited
102335 Canada Ltd.
J. P. Papineau Ltd.
Renown Building Materials Limited
Les Restaurants Le Voyageur Inc.
Servacar Ltd.
Stanmount Pipe Line Company Ltd.
Winnipeg Pipe Line Company Limited.

## Principal investments in other companies, not consolidated

| | Percentage of ownership |
|---|---|
| Alberta Products Pipe Line Ltd. | 30.0 |
| Interprovincial Pipe Line Limited | 32.7 |
| Montreal Pipe Line Limited | 32.0 |
| Moraine Properties Ltd. | 50.0 |
| Rainbow Pipe Line Company, Ltd. | 33.3 |
| Tecumseh Gas Storage Limited | 50.0 |
| Trans Mountain Pipe Line Company Ltd. | 8.6 |
| Williamsport Properties Limited | 50.0 |

## PRINCIPAL OFFICERS AND DIRECTORS

| | |
|---|---|
| Chairman of the Board & Chief Executive Officer | J. A. Armstrong |
| President | J. G. Livingstone |
| Senior Vice-President | J. W. Flanagan |
| Senior Vice-President | D. D. Lougheed |
| Senior Vice-President | T. H. Thomson |
| Senior Vice-President | W. J. Young |

### Outside Directors

J. B. Buchanan
P. Des Marais II
M. Kovitz
W. A. Macdonald

Imperial Oil Limited
March, 1981

# MEDIA KIT

*Summary of Contents*

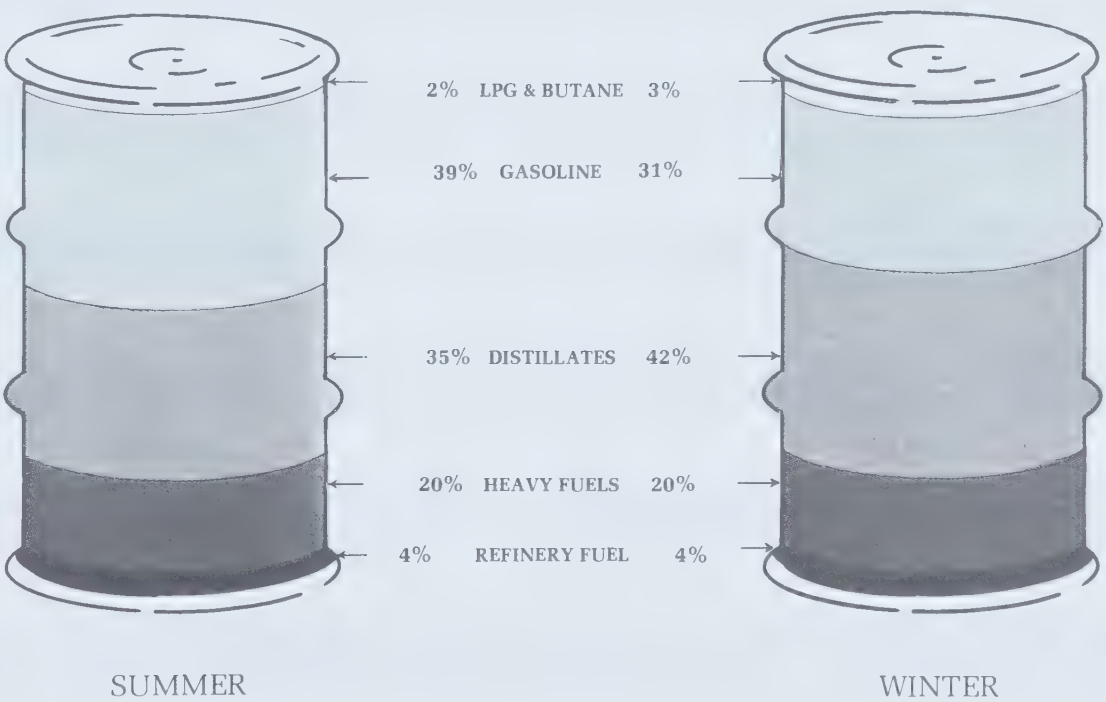
| | |
|---|---|
| ~~**Annual report**~~ | ~~see attached list; "Where to find information in the Annual Report"~~ |
| **Biographies** | J. A. Armstrong, chairman & chief executive officer<br>J. G. Livingstone, president<br>J. W. Flanagan, senior vice-president<br>D. D. Lougheed, senior vice-president<br>T. H. Thomson, senior vice-president<br>W. J. Young, senior vice-president |
| ~~**Contacts for media**~~ | ~~Contacts for — print media~~<br>~~— broadcast media~~<br>~~— consumer & trade journals~~ |
| ~~**Corporate profile**~~ | |
| **Film clip brochure** | Arctic Supply & list of other film clips available |
| **Fact sheet** | Products from a barrel of crude<br>Gasoline price history<br>International retail price of leaded regular gasoline<br>World & Canadian crude oil price history |
| **Gasoline retailing** | An historical perspective |
| ~~**Glossary of terms**~~ | |

Imperial Oil Limited
March, 1981

# FACT SHEET

## Products from a Barrel of Crude

(based on typical crude, percentages
can vary considerably depending on type
of crude processed).




Imperial Oil Limited
March, 1981

# Gasoline Price History

(Retail price of leaded regular gasoline.)
in Toronto at Dec. 31

| year | cents/litre | cents/gallon |
|---|---|---|
| 1970 | 11.2 | 50.9 |
| 1971 | 11.6 | 52.9 |
| 1972 | 11.9 | 53.9 |
| 1973 | 13.0 | 58.9 |
| 1974 | 14.1 | 63.9 |
| 1975 | 17.8 | 80.9 |
| 1976 | 18.2 | 82.9 |
| 1977 | 19.1 | 86.9 |
| 1978 | 21.8 | 98.9 |
| 1979 | 24.7 | 112.1 |
| 1980 | 29.0 | 131.8 |

## World and Canadian Crude Oil Price History

($ Cdn. per barrel at Jan. 1)

| Year | Arabian Light[1] | U.S. Average[2] | Canadian Average[3] |
|---|---|---|---|
| 1971 | 1.40 | 3.40 | 3.15 |
| 1972 | 1.80 | 3.40 | 3.15 |
| 1973 | 2.00 | 3.90 | 3.26 |
| 1974 | 8.25 | 7.40 | 3.80 |
| 1975 | 10.40 | 9.40 | 6.50 |
| 1976 | 11.60 | 10.80 | 8.00 |
| 1977 | 12.20 | 11.80 | 9.75 |
| 1978 | 14.00 | 13.40 | 11.75 |
| 1979 | 15.90 | 15.60 | 12.75 |
| 1980 | 30.30 | 28.90 | 14.75 |
| 1981 | 38.00 | e37.50 | 17.75 |

1. Excluding transportation costs.
2. 1971-73 reflects year average.
3. 1971-73 par crude at Edmonton,
   1974-81 average Alberta wellhead prices.

# International Retail Price

of Leaded Regular Gasoline
(Full-Service Outlets)

| | date | cents/litre | cents/gallon |
|---|---|---|---|
| Toronto | 12/80 | 29.0 | 131.8 |
| U.S. (average) | 9/80 | 38.7 | 175.6 |
| Brazil (major city) | 6/80 | 78.6 | 357.0 |
| Brussels | 10/79 | 94.0 | 427.0 |
| Paris | 6/80 | 89.0 | 404.1 |
| Milan | 10/80 | 91.5 | 415.6 |
| Zurich | 10/80 | 81.8 | 371.3 |
| London | 10/80 | 78.0 | 354.1 |
| Melbourne | 7/80 | 40.6 | 184.2 |
| Tokyo (unleaded) | 7/80 | 73.9 | 335.6 |
| Bermuda (major city) | 7/80 | 63.2 | 287.0 |

I M P E R I A L   O I L   L I M I T E D

# Gasoline Retailing

*An historical perspective*

To an extraordinary degree, North American life in the latter half of this century has been shaped by the immense popularity of the automobile. In Canada, as in the United States, cars have become part of our way of life and the basis for industries that make, service and fuel them. For these industries, the past decade has been one of accelerated, significant and sometimes disruptive change — a period in which national and international economic forces have brought about massive adjustments in consumer preferences. The gasoline retailing industry has reacted by adapting to achieve new efficiencies in a highly competitive environment in which consumers have become more price oriented than ever before. As the world price for crude oil has spiralled upwards, it has been a difficult time for consumers, gasoline refiners and dealers alike.

The gasoline retailing business of today bears little resemblance to the placid picture that emerged in the years following World War II. In those days the local gas station was a neighborhood fixture, usually a garage with two service bays that probably sold one of the major brands of gasoline, and with a dealer who might know most of his customers by name. Gasoline sales volumes for the typical station were quite small and operating costs high by today's standards. But in that era of inexpensive crude oil, it was possible to sell gasoline at reasonable prices and still provide consumers with the convenience of location that they demanded.

During most of the 1950s, the gasoline retailing business saw little structural change. It simply grew. Growth was spurred by economic boom times that produced new highways and an expanding population of automobile owners who wanted competent repair services, premium gasolines for their increasingly powerful cars and — as before — convenience of service station location. The industry responded by providing more stations, better repair facilities and vied among themselves in trying to provide customers with the most prompt, courteous and best-trained station attendants. Through the Fifties, the number of gasoline outlets continued to grow because the economics of the times were such that it was simpler to gain new customers by opening a new station than by trying to increase sales volumes at existing stations. And as Canada's love affair with the automobile blossomed, an abundant supply of gas stations was clearly what the driving public wanted.

During the 1960s, however, consumer preferences began to shift dramatically. In the early years of the decade, high performance gasoline and maintenance and repair facilities still rated high among consumers. But lower prices were beginning to attract a proportion of customers who were willing to receive fewer services in return for less expensive gas. This demand was met by two new groups of retailers who had first appeared in the previous decade and now began to emerge as major factors in the gasoline retailing equation. The growth of shopping plazas had paved the way for the entry of mass merchandizers into gasoline and related sales. At the same time, enterprising independent dealers had entered the market, recognizing that they could buy gasoline direct from refiners and sell it to the public in stations that usually had little in the way of servicing facilities but which offered prices below those of the branded retailers.

The major oil companies, which had invested heavily in the large network of conventional service stations, competed to hold the market for those customers who still wanted a full range of services through a wide variety of promotional devices and innovative services. Along with contests and gas station giveaways, the major refiners successfully linked car-wash facilities to service station operations. Later in the 1960s, some oil companies began introducing "second brand"

gas stations that offered fewer services and lower gasoline prices. But the recognition was growing that the national service station network had been overbuilt and would have to be cut back.

This process was under way when events of the early 1970s brought about a rapid acceleration in the transformation of traditional gasoline retailing. The onset of a period of high inflation had already made the Canadian driving public increasingly price conscious when the Arab oil embargo of 1973-74 led to severe supply disruption and resultant price increases. From that point on, price became the single most important factor in consumer preferences. As a result, by the mid-1970s independent, "no-frills" retailers had captured about 20 percent of the market and the major oil companies had stepped up the closing down of inefficient conventional service stations while offering the public a new alternative in the form of high-volume self-service gasoline outlets. These quickly won wide public acceptance.

Today, as a result of the radical reshaping of the gasoline retailing business, Canadian consumers can choose among a wide range of competing outlets designed to serve an equally wide spectrum of customer needs. The conventional, full-service station remains in the picture, serving customers who are willing to pay a premium for a superior range of services and amenities. At the other end of the scale, independents offering low-price gasoline compete with branded self-service stations that operate in the same price range while providing a generally brighter, more "up-scale" image and environment. While not all self-service stations have repair facilities, the entry into the market of chains of specialty repair shops, combined with the repair facilities still offered by gas stations, ensures that consumers are well served.

As inefficient gas stations have been closed down over the past decade, in response to changing consumer preferences, Imperial Oil has made every effort to deal fairly with the individuals involved. But it has also to be recognized that gas station operators are individuals who enter into contractual arrangements with refiners and, as business people, accept varying degrees of risk by choosing to work in a highly competitive field.

In the normal course of business, Imperial maintains a sustained dialogue with its dealers through regional dealer advisory boards. When it becomes necessary to close down uneconomic stations, Imperial observes not only the letter but the spirit of its contracts with lessee operators of company-owned stations. Financial assistance is provided in the form of severance plans, which take into account customer goodwill that a lessee has helped to maintain and develop. Imperial also strives to relocate efficient dealers in new locations and has succeeded in doing so with a great many of those lessees whose stations have been closed. In other cases, the company has helped individuals to find other jobs.

As petroleum prices escalate and gasoline marketing becomes ever more competitive, the major oil companies have been blamed for high gasoline prices. It is sometimes forgotten, however, that oil companies are obliged to act as tax collectors for governments and that the largest segment of the price paid for gasoline by consumers goes to the federal and provincial governments. It has been calculated that if Imperial had had no earnings at all on refining and marketing over the past six years, retail gasoline prices might have been reduced by only about one cent per litre.

At various times in recent years the major oil companies have been accused of unethical business practices. These allegations are often associated with the fact that the big refiners distribute gasoline and diesel fuel on two price levels — at posted tankwagon prices to their branded associates and at a wholesale price to independent dealers.

The posted price of gasoline to branded dealers reflects current crude oil, production and refining costs and also takes into account the cost of selling gasoline to branded dealers who receive benefits such as delivery, advertising, credit card, and sales support.

Because the independent dealer is buying gasoline alone and receives none of the additional benefits that go to branded dealers — and because he risks changes in availability of supplies — the price to independent dealers is usually expressed as a discount from the price to branded dealers. While branded dealers operate on three or five-year contracts, agreements between refiners and independent dealers are affected by the availability of refinery capacity and are usually for shorter periods of a time. This means that, although there is a relationship between the price to branded dealers and the wholesale price, the two prices can be subject to different economic forces at different times. Nevertheless, over the long term, the difference in the prices to the two different groups is about equal to the differences in the costs involved in supplying them.

One of the most frequently criticized aspects of gasoline retailing is the practice of consignment selling, which major oil companies employ in most parts of Canada to protect branded dealers during periods of intense competition. When prices in a given area fall below the level at which a station operator can afford to do business, Imperial will buy back the dealer's inventory, set the retail price and pay the dealer a commission for selling gasoline to motorists. If individual branded dealers did not have this degree of protection, they would be at the mercy of large independents who could move into their territory and cut prices in the knowledge that the branded dealer had no economic means of responding.

The fact that refiners operate at two price levels, and the use of consignment selling, has led to allegations that refiners are thus able to control or rig prices to their advantage and act in such a way as to squeeze out aggressive independent retailers. Such actions would be completely at variance with Imperial Oil's well-established tradition of maintaining the highest ethical standards in the conduct of all its affairs. The company also has a duty to its shareholders to compete effectively and so must modify its strategies when necessary to meet changes in consumer preferences. Just as branded dealers have experienced attrition in a period of rapid change, so are independent dealers sometimes the losers in a highly competitive business.

While the major oil companies have learned from the most efficient of the independents and responded with aggressive new marketing techniques, the independents still hold their overall share of the market. The gasoline retailing industry as it exists today meets, as it has done in the past, all of the accepted tests of true economic competitiveness. The tests and proofs that the gasoline marketing industry meet them are these:

- That a truly competitive industry will respond with lower prices during periods of oversupply, as was the case in the gasoline retailing industry in 1975.
- That the members of a competitive industry will continue to compete in developing new efficiencies in technology, operations and organization, as gasoline marketers certainly have.
- That a competitive industry will permit the entry of new enterprises. The existence of flourishing independent retailers shows that this has happened.
- That a competitive industry will not have a long history of excessive profits. It can easily be shown that the petroleum industry has not had this experience.
- The final tests asks whether consumers have an adequate range of products and services available to them. It can fairly be said that Canadian consumers most certainly have that, with the gasoline retailing industry of today offering the widest variety of types of outlets and a corresponding diversity of services and prices.

Imperial Oil Limited
March, 1981

**John A. (Jack) Armstrong**, chairman and chief executive officer of Imperial Oil Limited, has been in oil production posts in western Canada, the United States and South America.

Armstrong was born in Dauphin, Manitoba, in 1917, and received his early education in that town. He is a graduate of the University of Manitoba, where he obtained a bachelor of science degree in geology in 1937 and of Queen's University, where he obtained a bachelor of science degree in chemical engineering in 1942.

After working for a short time with the Geological Survey of Canada and in the mining industry, Armstrong joined Imperial as a geologist and subsequently worked with Imperial affiliates in the United States and South America. In 1949 he was appointed assistant regional manager of Imperial's producing department. (Located in Calgary, the department was responsible for the company's petroleum exploration and production activities in the West.)

Armstrong spent a short time in New York as assistant coordinator in the producing department of Standard Oil Company (N.J.), now Exxon Corporation. In 1960, he was named general manager of Imperial's producing department in Toronto. He was elected a director of the company in 1961, and for the period 1963 - 1965 was the director primarily responsible for the company's marketing operations. He was elected executive vice-president in 1966, president in 1970, chief executive officer in 1973, and chairman of the board in 1974.

Armstrong has received honorary LLD degrees from the University of Calgary in 1980 and from the University of Winnipeg in 1978, is a director of the Royal Bank of Canada, a member of the executive board of the International Chamber of Commerce, and vice chairman of the Board of Trustees of the Fraser Institute. He is a member of a number of associations including the British-North American Committee, and The Conference Board, Inc. In 1980 he was elected Chairman of the School of Business Administration Advisory Committee, University of Western Ontario.

**J.G. Livingstone**, president of Imperial Oil Limited, was born and educated in Toronto. He graduated from the University of Toronto in 1942 with a bachelor of applied science degree in chemical engineering and joined Imperial in the inspection laboratory in Sarnia. He later moved to the engineering division and, in 1951, was appointed chief process engineer.

After a short term as assistant superintendent of the Winnipeg refinery, he was appointed assistant manager of the coordination and economics department in 1953 and became manager of that department the following year. In 1957, he became assistant general manager of the manufacturing department. During 1963 and 1964, he was on loan as refining adviser for the U.K., Eire, France and Italy, refining coordination department of the Standard Oil Company (N.J.), now Exxon Corporation. He was appointed coordinator, business development, in 1965; deputy general manager, manufacturing department, in January, 1967; and general manager of that department in August of the same year. He was elected a vice-president and director in 1969 and, in 1971, became a senior vice-president. He was elected executive vice-president in July, 1975, and president in April, 1979.

**J. Warren Flanagan**, senior vice-president and director of Imperial Oil Limited, is a native of Toronto.

Mr. Flanagan graduated from the University of Toronto in 1943 and after service with the Canadian navy, joined Imperial in 1946 as a chemist in the research department at Sarnia.

He subsequently filled appointments in the manufacturing, crude-oil supply, economics and chemicals functions of Imperial Oil and became a director in 1965. In 1968, he moved to New York as senior vice-president and director of Esso Chemical Company, Inc., and later served as executive assistant to the chairman of the board of Exxon Corporation. On return to Imperial in mid-1971, he was elected senior vice-president and director. Among his other outside activities, Mr. Flanagan is a member of the Ontario Research Foundation's board of governors.

**Donald D. Lougheed**, a senior vice-president and director of Imperial Oil Limited, is a native of Calgary. He received a bachelor of science degree in mining engineering from the University of Alberta in 1948.

He joined Imperial Oil as a petroleum engineer in 1948, and held posts as divisional and regional reservoir engineer in Edmonton and Calgary and as a petroleum engineer for two years with Standard Oil Company (N.J.) in New York. He became regional petroleum engineer at Calgary in 1961 and division manager of producing at Regina in 1962.

In 1965, he was appointed division manager at Edmonton and, a year later, became regional operations manager. He was named manager of Imperial's western producing region in 1968. In 1969, he moved to Toronto as assistant general manager of the producing department, and was named general manager of the department in 1971. He was appointed a vice-president of the company in 1972, and he was elected a director and appointed a senior vice-president on July 21, 1975.

Mr. Lougheed is a member of the Association of Professional Engineers of Alberta and the American Institute of Mining Engineers.

**Thomas Harold Thomson** is senior vice-president and director of Imperial Oil Limited. A native of Winnipeg, he is a graduate of the University of Toronto where he received a B.A.Sc. in engineering and business and of Harvard University where he received an MBA.

Thomson joined Imperial in Montreal in 1959 as senior sales analyst in the Quebec marketing region. Between 1959 and 1974 he held a number of positions in the marketing department and in July, 1974, was named director and executive vice-president of Home Oil Distributors in Vancouver.

In 1975 he took a loan assignment with Exxon in New York and until June, 1976, worked in a number of departments, returning to Toronto as assistant general manager, marketing. He was named vice-president and general manager of the marketing department in August, 1976, and was appointed to his present position in 1980.

Thomson is a member of the Association of Professional Engineers of Ontario and the Board of Trustees of the United Way of Greater Toronto. He is also a member of the Board of Trustees of Hillcrest Hospital.

**W.J. Young** is a senior vice-president and director of Imperial Oil Limited. He was born in Windsor, Ont., in 1927 and graduated a gold medalist in economics from the University of Toronto in 1949. Prior to joining Imperial, Mr. Young had worked extensively in marketing and public relations in the automotive and steel industries.

He joined Imperial's head office in Toronto in 1961, as a senior editor in the public relations division. Between 1963 and 1966, he was part of the corporate task force on the Morrow commission, which examined gasoline pricing practices in British Columbia. In 1964, he was appointed manager of marketing research and economics and, in 1967, he moved to Winnipeg as provincial manager of marketing. In 1968 he was appointed Edmonton's prairie region marketing manager, and he returned to Toronto in 1970 as employee relations manager. In 1973, he was appointed assistant to the company treasurer and, in 1974, assistant to the vice-president of finance, Exxon Corporation in New York. He returned to Imperial in 1975 and was elected a director on Aug. 1 of that year.

Mr. Young is married and has a son and a daughter. He is a member of The University Club of Toronto, The Manitoba Club in Winnipeg, and a director of The Arthritis Society. He enjoys writing and gardening in his spare time.

# ARCTIC SUPPLY

## A 16 mm Film Clip (Silent)

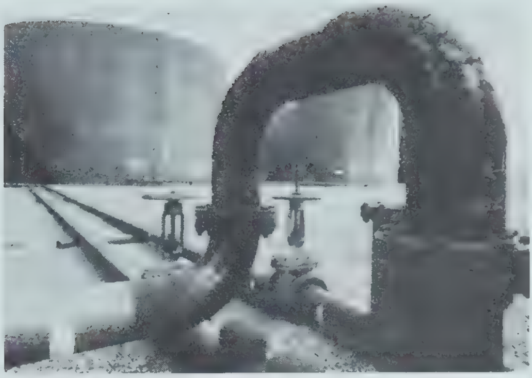
Running time: 1 min. 50 secs.

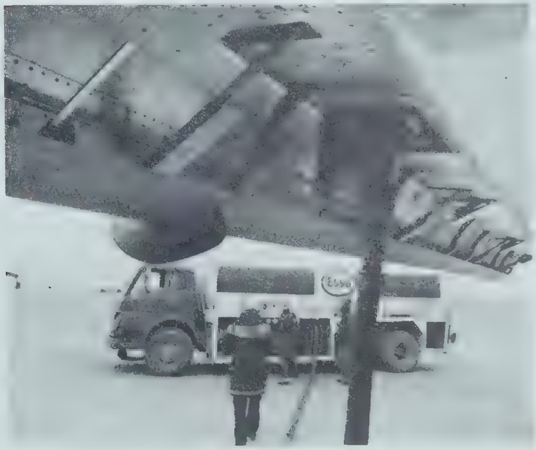
produced for

IMPERIAL OIL LIMITED

by

MPI Productions Ltd.




ESSO

# ARCTIC SUPPLY

Most people in southern Canada are used to picking up the phone and ordering a tankful of heating oil. It's a different story in Resolute Bay. Here, all supplies have to come in by sea during the brief Arctic summer.

Once it has arrived at its destination, the Arctic-class tanker gets ready to transfer its cargo into a series of holding tanks on shore.

Specially designed hoses, which are pressure-tested before each delivery, are brought out from the shore in an activity that requires considerable ship-to-shore coordination. Even though the tanker crew is experienced in this activity — it still takes about half-a-day in the best of weather conditions. Once the hoses are secured, and have been inspected, the ship's pumps are used to move the different fuels to their respective tanks on shore.

An intricate pattern of pipes and gauges, manned by a skilled shore crew, makes sure that all the different products go into the right tank.

It's not only heating fuel that's brought to the Arctic — but gasoline and diesel fuel as well. And, of course, plentiful supplies of aviation fuels to keep the jet scheduled flights going to Montreal and Edmonton — as well as charter flights and local skeds to the other Arctic communities. A jet returning to Edmonton would be taking on about 9 500 litres of fuel.

Its job done, the tanker turns around and heads south to Montreal to collect the next load.

Other silent film clips available from Imperial Oil Limited:

- Research and development of lubricating oils in Sarnia, Ontario. (1:31)
- Issungnak — drilling from an artificial island in the Beaufort Sea. (1:30)
- Marisat — satellite communication system for ships at sea. (1:15)
- Solar energy research at Sarnia, Ontario. (1:35)
- Offshore drilling rig near the Newfoundland coast. (1:29)
- Lead and zinc mining at Gays River, Nova Scotia. (1:39)

Longer versions of some of these clips are available.

*For further information, contact:*
*John Vincett, Broadcast Editor*
*(416) 968-4874*

Public Relations Division

Esso

BG 4390

# Imperial Oil Limited invites you to attend the annual meeting of shareholders April 24, 1984

It's my pleasure to invite you to attend the company's annual meeting of shareholders, which will be held in the Canadian Room of the Royal York Hotel, 100 Front Street West, Toronto, Canada, on Tuesday April 24, 1984, at 11 a.m., local time.

The meeting is called so that you may consider the consolidated financial statements for the year ended December 31, 1983, the auditor's report, and receive a report of the company's operations for 1983 and the first quarter of 1984.

Shareholders will also be asked to elect directors, reappoint the auditor, and transact other business that may properly be brought before the meeting.

Enclosed are the management proxy circular, which incorporates information meeting regulatory requirements, the proxy form, and the company's 1983 annual report.

If you are unable to attend the meeting in person, the company requests your participation by completing and returning your proxy so that your wishes may be known and your votes recorded.

Donald K. McIvor

Donald K. McIvor,
Chairman of the board and chief executive officer

111 St. Clair Avenue West, Toronto, Canada,
March 21, 1984

## Management proxy circular

(Dated as of Feb. 29, 1984)

### Solicitation of proxies

**This circular is furnished in connection with the solicitation by the management of Imperial Oil Limited (the company) of proxies to be used at the annual meeting of shareholders to be held at the time and place and for the purposes indicated in the invitation to attend the meeting.**

Proxies will be solicited primarily by mail, but may also be solicited personally by employees of the company. The company will bear the cost of the solicitation.

### Voting of proxies

Shares represented by any proxy in the accompanying form or any other valid proxy will be voted or withheld from voting in accordance with the instructions given by the shareholder on any ballot that may be called for.

**In the absence of instructions, the shares will be voted for the election of directors and the reappointment of the auditor, as stated under those headings in this circular.**

The accompanying form of proxy confers discretionary authority on the persons named in it with respect to amendments to matters identified in the invitation to attend the meeting or other matters that may properly come before the meeting. At the date of this management proxy circular, the management of the company was not aware that any such amendments or other matters were to be presented for action at the meeting.

### Revocation of proxies

In addition to revocation in any other manner permitted by law, a shareholder may revoke the proxy by an instrument in writing executed by him or by his attorney authorized in writing and deposited either at the registered office of the company at any time up to and including the last business day preceding the day of the meeting at which the proxy is to be used or with the chairman of the meeting on the day of the meeting or an adjournment thereof.

## Voting shares and ownership by principal shareholders and management

As of February 29, 1984, there were 156 235 475 Class A voting convertible shares and 3 360 528 Class B voting convertible shares outstanding. Holders of Class A and B shares are entitled to one vote for each share shown as registered in the holder's name on the list of shareholders. At class meetings, only the holders of that class of shares are entitled to vote. The list of shareholders is available for inspection during business hours at the registered office of the company at 111 St. Clair Avenue West, Toronto, Canada, and at the annual meeting.

The list of shareholders was prepared as of the close of business on March 20, 1984, being the business day immediately preceding the day on which the invitation to attend the annual meeting was given. A person who has acquired ownership of shares since the date of the list of shareholders may establish such ownership and, not later than ten days before the annual meeting, demand that his name be included in the list of shareholders.

As of February 29, 1984, the only shareholders who owned of record or, to the knowledge of the management of the company, owned beneficially, directly or indirectly, more than five percent of the outstanding Class A or Class B voting shares of the company were the following:

<table>
<tr><th>Title of class</th><th>Name and address</th><th>Amount and nature of ownership</th><th>Percent of class</th><th>Percent of total shares</th></tr>
<tr><td>Class A convertible shares</td><td>Exxon Corporation,<br>1251 Avenue of the Americas,<br>New York, New York 10020</td><td>110 747 315 shares owned of record and beneficially</td><td>70.885</td><td rowspan="2">69.6</td></tr>
<tr><td>Class B convertible shares</td><td>Exxon Corporation,<br>1251 Avenue of the Americas,<br>New York, New York 10020</td><td>280 073 shares owned of record and beneficially</td><td>8.334</td></tr>
<tr><td>Class B convertible shares</td><td>Newbell & Co.,<br>c/o Royal Trust Company,<br>P.O. Box 730, Place d'Armes,<br>Montreal, Quebec H2Y 3J1</td><td>759 537 shares owned of record</td><td>22.602</td><td>0.5</td></tr>
<tr><td>Class A convertible shares</td><td>C.D.S. & Co.,<br>2 First Canadian Place,<br>P.O. Box 32,<br>Toronto, Ontario M5L 1A9</td><td>7 242 683 shares owned of record</td><td>4.636</td><td rowspan="2">4.8</td></tr>
<tr><td>Class B convertible shares</td><td>C.D.S. & Co.,<br>2 First Canadian Place,<br>P.O. Box 32,<br>Toronto, Ontario M5X 1A9</td><td>459 698 shares owned of record</td><td>13.679</td></tr>
<tr><td>Class B convertible shares</td><td>Swisstor & Co., 555<br>c/o Swiss Bank Corporation,<br>Royal Bank Plaza,<br>P.O. Box 22,<br>Toronto, Ontario M5J 2J1</td><td>263 995 shares owned of record</td><td>7.856</td><td>0.2</td></tr>
</table>

As of February 29, 1984, directors of the company, and directors, officers, and vice-presidents of the company as a group, owned beneficially, directly or indirectly, the number of Class A and Class B shares of the company and the common stock of Exxon Corporation shown below:

| Directors | Amount beneficially owned and title class (1) | | |
|---|---|---|---|
| | Shares of Imperial Oil Limited (2) Class A | Class B | Shares of Exxon Corporation |
| J. Bruce Buchanan | 120 | — | — |
| Pierre Des Marais II | 120 | — | — |
| Arden R. Haynes | 106 | 3517 | 10 |
| Muriel Kovitz | 1320 | — | — |
| William A. Macdonald, Q.C. | 120 | — | — |
| Donald K. McIvor | — | 5862 | — |
| Thomas H. Thomson | 1166 | 18 | — |
| William J. Young | 2000 | — | 600 |
| Directors, officers, and vice-presidents as a group (3) | 7979 | 15 978 | 610 |

(1) This information, not being within the knowledge of the company, has been provided by the directors, officers, and vice-presidents individually.

(2) Amounts beneficially owned do not include shares subject to options granted but not exercised, as shown under "Options to purchase shares". Unexercised options cannot reasonably be apportioned to either Class A or Class B shares of the company because grantees may exercise options for Class A or Class B shares, or both, as they think fit at the time of exercise.

(3) The directors, officers, and vice-presidents as a group own beneficially approximately 0.02 percent of the total number of outstanding shares of the company, or 0.02 percent if shares subject to options were treated as being issued and outstanding and owned beneficially by the directors, officers, and vice-presidents.

## Election of directors

The board of directors consists of eight directors. Each director is elected to hold office until the close of the next annual meeting.

**Unless it is specified in a proxy that the shares it represents shall be withheld from voting in the election of directors, the persons named in the accompanying form of proxy intend to vote the shares it represents for the election of the nominees whose names follow, all of whom are now members of the board of directors and have been since the dates indicated.**

The management does not expect that any of the nominees will be unable to serve as a director but, if that should occur for any reason prior to the meeting, the persons named in the accompanying proxy reserve the right to vote the shares it represents for another nominee at their discretion unless the proxy specifies that the shares are to be withheld from voting in the election of directors.

The following table lists the names of persons proposed to be nominated as directors.

| Name, age, and current principal occupation or employment (all with the company unless otherwise specified) | Director since |
|---|---|
| J. Bruce Buchanan, 54, vice-chairman, British Columbia Packers Limited (fish and seafood) | Sept. 24, 1979 |
| Pierre Des Marais II, 49, president, Pierre Des Marais Inc. (printing and lithography) | April 22, 1977 |
| Arden R. Haynes, 56, president, chief operating officer, and director | April 23, 1982 |
| Muriel Kovitz, 58, president, Murko Investments Ltd. (property and livestock) | April 22, 1977 |
| William A. Macdonald, Q.C., 56, partner, McMillan, Binch (barristers and solicitors) | April 22, 1977 |
| Donald K. McIvor, 55, chairman of the board, chief executive officer, and director | July 1, 1981 |
| Thomas H. Thomson, 49, senior vice-president and director | Sept. 1, 1980 |
| William J. Young, 56, senior vice-president and director | Aug. 1, 1975 |

Each of the persons named was elected as a director of the company by a vote of shareholders at the annual meeting of the company held on April 22, 1983.

All of the directors have been engaged for more than five years in their present principal occupations or, in the case of directors who are also officers, in other executive or employee capacities with the company or its affiliates, except J. Bruce Buchanan, who was president, British Columbia Packers Limited, for more than five years until 1983.

Arden R. Haynes is chairman of the board and director of Esso Resources Canada Limited, a wholly owned subsidiary of Imperial Oil Limited.

William J. Young is a director of Interprovincial Pipe Line Limited, which is subject to reporting requirements under the U.S. Securities Exchange Act of 1934. Imperial Oil Limited owns 22% of the voting shares of Interprovincial Pipe Line Limited.

## Officers and Vice-presidents

| Name, age, and office | Office held since |
|---|---|
| Donald K. McIvor, 55, chairman of the board and chief executive officer | Jan. 1, 1982 |
| Arden R. Haynes, 56, president and chief operating officer | Oct. 1, 1982 |
| Thomas H. Thomson, 49, senior vice-president | Sept. 1, 1980 |
| William J. Young, 56, senior vice-president | Aug. 1, 1975 |
| John E. Akitt, 51, vice-president and president of Esso Chemical Canada | Aug. 1, 1981 |
| William E. Beacom, 53, vice-president and comptroller | Sept. 1, 1980 |
| H. Gordon Jarvis, 49, vice-president and treasurer | Dec. 1, 1983 |
| Robert E. Landry, 54, vice-president | Dec. 1, 1978 |
| William J. Mann, 41, vice-president, human resources | Jan. 1, 1984 |
| Richard J. Michaelides, 50, general secretary | Mar. 15, 1982 |
| George A. Rogers, Q.C., 55, vice-president and general counsel | Nov. 19, 1976 |
| William N. Sande, 56, vice-president, corporate business development and technology | Oct. 1, 1983 |
| Gordon H. Thomson, 42, vice-president and president of Esso Petroleum Canada | July 15, 1982 |

All of the officers and vice-presidents have been engaged for more than five years at their current occupations or in other executive or employee capacities with the company or its affiliates. All officers and vice-presidents hold office until their appointment is rescinded by the board of directors, or by the chief executive officer.

## Remuneration of management

The five most highly compensated officers in 1983 were:

| | Donald K. McIvor | Arden R. Haynes | William J. Young | Thomas H. Thomson | John E. Akitt |
|---|---|---|---|---|---|
| Remuneration paid in 1983 (1) (dollars) | 516 150 | 433 000 | 334 750 | 315 000 | 279 000 |

(1) Consists of salaries, bonuses, and company contributions to the Employees Financial Program.

NATURE OF REMUNERATION EARNED (DOLLARS)

| | Directors Fees (1) | Salaries (2) | Bonuses | Non-Accountable Expense All. | Others (3) | Total |
|---|---|---|---|---|---|---|
| REMUNERATION OF DIRECTORS of the company when serving as directors or as both directors and officers in 1983 | 142 000 | 1 349 000 | 362 000 | not applicable | not applicable | 1 853 000 |
| (A) Number of directors: 8 current and 1 former director | | | | | | |
| (B) Body Corporate incurring the expense: Imperial Oil Limited | | | | | | |
| REMUNERATION OF OFFICERS AND VICE-PRESIDENTS of the company while serving only as officers and vice-presidents in 1983 | not applicable | 2 027 000 | 316 000 | not applicable | 152 000 | 2 495 000 |
| (A) Number of officers and vice-presidents: 9 current and 4 former officers and vice-presidents | | | | | | |
| (B) Body Corporate incurring the expense: Imperial Oil Limited | | | | | | |
| TOTALS | 142 000 | 3 376 000 | 678 000 | | 152 000 | 4 348 000 |

(1) Directors' fees were paid only to directors who are not officers. Directors who are not officers are paid an annual fee of $12 000 for their services as directors, plus $2000 for each committee on which they serve, an additional $1000 if they serve as chairman of a committee and $550 for each board or committee meeting attended.

(2) Consists of salaries and company contributions to the Employees Financial Program. Employee contributions are matched by the company to a maximum of five percent of base salary.

(3) Consists of retiring allowances which may be paid to selected employees, including directors, officers, and vice-presidents.

## Long-term incentive compensation

Additional compensation is granted to attract and retain promising employees and reward them for high performance. The additional compensation is in the form of units. The potential value of each unit is keyed to the higher of two amounts: (1) the excess, if any, of the earnings per share in the year prior to exercise over a base value determined from previous earnings per share or, (2) the excess, if any, of the market price per Class A share at the time of exercise over a base value determined from previous share prices. The value, if any, is payable by the company when the employee exercises the unit or in such other manner as the company deems appropriate. Each unit is exercisable during a specified number of years beginning after a fixed period.

The following table provides certain information concerning units of compensation granted under this plan.

| Long-term incentive compensation units | Donald K. McIvor | Arden R. Haynes | William J. Young | Thomas H. Thomson | John E. Akitt | 22 directors, officers, and vice-presidents as a group (including one former director, and four former officers and vice-presidents) (1) |
|---|---|---|---|---|---|---|
| Units granted during 1983 (2) | 16 340 | 13 915 | 9890 | 9575 | 8405 | 131 165 |
| Cash realized during 1983 on exercise of units granted in previous years (dollars) | — | — | 113 495 | 135 588 | — | 606 512 |

(1) As of February 29, 1984, the company has accrued $5 040 000 in respect of future payments under this plan to this group.

(2) These units are not currently exercisable. Payment on exercise of these units would be based on an increase, if any, over $3.17 in earnings per share in the year prior to exercise or over $34.54 in the market price of a Class A share, subject to a maximum limitation.

## Employee retirement payments

The company's pension plan applies to all employees. The plan provides an annual pension of a specified percentage of an employee's "final three year average earnings," multiplied by the employee's years of service, subject to certain age and service requirements. The aggregate cost to the company in 1983 of all pensions proposed to be paid under this plan to directors, officers, and vice-presidents as a group, assuming continuation of service until retirement at the age of 65, is estimated to be $210 000.

In addition to the pension payable under the plan, the company has paid and may continue to pay a supplemental retirement allowance to selected executives. The following table shows the estimated undiscounted annual payments, consisting of pension and supplemental retirement allowance, payable on retirement to persons in specified classifications of remuneration and years of service. The remuneration used to determine the payments on retirement to each of the five most highly compensated officers named on page 4 corresponds generally to the remuneration shown on that page. As of February 29, 1984,the number of years of service under the pension plan were 34 for Donald K. McIvor, 33 for Arden R. Haynes, 23 for William J. Young, 25 for Thomas H. Thomson, and 29 for John E. Akitt.

| Remuneration for determining payments on retirement (dollars) | Estimated undiscounted annual payments on retirement after years of service indicated below (dollars) | | | | |
|---|---|---|---|---|---|
| | 15 years | 20 years | 25 years | 30 years | 35 years |
| 200 000 | 48 000 | 64 000 | 80 000 | 96 000 | 112 000 |
| 250 000 | 60 000 | 80 000 | 100 000 | 120 000 | 140 000 |
| 300 000 | 72 000 | 96 000 | 120 000 | 144 000 | 168 000 |
| 350 000 | 84 000 | 112 000 | 140 000 | 168 000 | 196 000 |
| 400 000 | 96 000 | 128 000 | 160 000 | 192 000 | 224 000 |
| 450 000 | 108 000 | 144 000 | 180 000 | 216 000 | 252 000 |
| 500 000 | 120 000 | 160 000 | 200 000 | 240 000 | 280 000 |
| 550 000 | 132 000 | 176 000 | 220 000 | 264 000 | 308 000 |
| 600 000 | 144 000 | 192 000 | 240 000 | 288 000 | 336 000 |
| 650 000 | 156 000 | 208 000 | 260 000 | 312 000 | 364 000 |

## Options to purchase shares

The company has a plan for certain employees under which options for the purchase of Class A or Class B shares of the company are still outstanding. No further options may be granted under this plan. All remaining options expire on July 15, 1984. The following table contains information about options exercised and held by directors, officers, and vice-presidents under this plan.

| Options to purchase Class A or Class B shares of the company | Donald K. McIvor | Arden R. Haynes | William J. Young | Thomas H. Thomson | John E. Akitt | 22 directors, officers, and vice-presidents as a group (including one former director and four former officers and vice-presidents) |
|---|---|---|---|---|---|---|
| Options exercised during 1983 | — | 3030 | — | 2600 | 2360 | 13 300 |
| Aggregate net value of shares realized (market price less exercise price) on dates of exercise of options (dollars) | — | 2606 | — | 27 430 | 32 568 | 135 022 |
| Options exercised during the period January 1, 1984 to February 29, 1984 | — | — | — | — | — | 1000 |
| Aggregate net value of shares realized (market price less exercise price) on dates of exercise of options (dollars) | — | — | — | — | — | 11 300 |

Exercise of options by directors, officers, and vice-presidents of the company during calendar quarters for the year ended Dec. 31, 1983, and for the period January 1, 1984, to February 29, 1984, were as follows:

| | | Number of Class A or Class B shares | | | | |
|---|---|---|---|---|---|---|
| Exercise price per share (dollars) | Year of grant of option | First quarter | Second quarter | Third quarter | Fourth quarter | Jan. 1, 1984 to Feb. 29, 1984 |
| 25.20 | 1974 | — | 3600 | 6670 | — | 1000 |
| 38.14 | 1973 | — | — | 3030 | — | — |
| Price range of Class A shares based on Toronto Stock Exchange quotations (dollars) | | 31 7/8 - 26 1/2 | 37 1/2 - 29 1/8 | 41 1/4 - 35 7/8 | 39 1/4 - 33 7/8 | 38 1/2 - 35 |

### Certain transactions with Exxon Corporation

The net amount incurred by the company on transactions with Exxon Corporation and affiliates of Exxon was $224 million in 1983. The terms of the transactions were competitive or as favourable as they would have been with unrelated parties. The transactions were to maintain supplies of crude oil, petroleum and petrochemical products to customers. Transportation, technical and engineering services were also performed and received. Exxon owns 69.6 percent of the outstanding voting shares of the company.

### Directors', officers', and vice-presidents' liability insurance

Liability insurance in the amount of $25 000 000 per policy year is purchased for the benefit of directors, officers, and vice-presidents of the company and its wholly owned subsidiaries against liability incurred by them in their capacities as directors, officers, or vice-presidents of the company or its wholly owned subsidiaries.

In 1983, the approximate amount of premium paid for this insurance was $36 000. The premium is paid without distinction as to directors as a group or officers and vice-presidents as a group and the total cost of the insurance is paid by the company.

In the case of events for which the company is not permitted by law to reimburse the insured, there is no deductible. Where the company is permitted to reimburse the insured, the deductible is $100 000.

### Reappointment of the auditor

**Unless it is specified in a proxy that the shares it represents shall be withheld from voting in the reappointment of the auditor, the persons named in the accompanying form of proxy intend to vote the shares it represents for the reappointment of Price Waterhouse as auditor of the company to hold office until the close of the next annual meeting.**

Price Waterhouse has been auditor of the company for more than five years.

### Other Business

The management is not aware of any matters to be presented for action at the meeting other than the items set forth in the invitation to attend the meeting.

The contents and the sending of this circular to the shareholders have been approved by the directors.

Imperial Oil Limited

Michaelides

R.J. Michaelides
General secretary

Toronto, Canada
February 29, 1984

AR36

# Imperial Oil Limited invites you to attend the annual meeting of shareholders April 23, 1985

It's my pleasure to invite you to attend your company's annual meeting of shareholders, to be held in the Canadian Room of the Royal York Hotel, 100 Front Street West, Toronto, Canada, on Tuesday April 23, 1985, at 11 a.m., local time.

The meeting is called to consider the consolidated financial statements for the year ended December 31, 1984, the auditors' report, and receive a report of the company's operations for 1984 and the first quarter of 1985.

Shareholders will also be asked to elect directors, reappoint the auditors, and transact other business that may properly be brought before the meeting.

The management proxy circular, which incorporates information meeting regulatory requirements, the proxy form, and the company's 1984 annual report are enclosed.

If you are unable to attend the meeting in person, we'd appreciate your support and participation by completing and returning your proxy so that your wishes may be known and your votes recorded.

Donald K. McIvor

Donald K. McIvor,
Chairman of the board and chief executive officer

111 St. Clair Avenue West, Toronto, Canada, M5W 1K3
March 21, 1985

## Management proxy circular

(dated as of Feb. 28, 1985)

### Solicitation of proxies

**This circular is furnished in connection with the solicitation by the board of directors of Imperial Oil Limited (the company) of proxies to be used at the annual meeting of shareholders to be held at the time and place and for the purposes indicated in the invitation to attend the meeting.**

Proxies will be solicited primarily by mail, but may also be solicited personally by employees of the company. The company will bear the cost of the solicitation.

### Voting of proxies

Shares represented by any proxy in the accompanying form or any other valid proxy will be voted or withheld from voting in accordance with the instructions given by the shareholder on any ballot that may be called for.

**In the absence of instructions, the shares will be voted for the election of directors and the reappointment of the auditors, as stated under those headings in this circular.**

The accompanying form of proxy confers discretionary authority on the persons named in it with respect to amendments to matters identified in the invitation to attend the meeting or other matters that may properly come before the meeting. At the date of this management proxy circular, the board of directors of the company was not aware that any such amendments or other matters were to be presented for action at the meeting.

### Revocation of proxies

In addition to revocation in any other manner permitted by law, a shareholder may revoke the proxy by an instrument in writing executed by him (or by his attorney authorized in writing) and deposited either, (a) at the registered office of the company at 111 St. Clair Avenue West, Toronto, Canada at any time up to and including the last business day preceding the day of the meeting, or an adjournment thereof,

at which the proxy is to be used or, (b) with the chairman of the meeting on the day of the meeting or an adjournment thereof.

**Voting shares and ownership by principal shareholders and management**

As of February 28, 1985, there were 158 564 041 Class A convertible shares and 3 011 041 Class B convertible shares outstanding. Holders of Class A and B shares are entitled to one vote for each share shown as registered in the holder's name in the list of shareholders. At class meetings, only the holders of that class of shares are entitled to vote. The list of shareholders is available for inspection during business hours at the registered office of the company at 111 St. Clair Avenue West, Toronto, Canada, and at the annual meeting.

The list of shareholders was prepared as of the close of business on March 20, 1985, being the business day immediately preceding the day on which the invitation to attend the annual meeting was given. A person who has acquired ownership of shares since the date of the list of shareholders may establish such ownership and, not later than ten days before the annual meeting, demand that the person's name be included in the list of shareholders.

As of February 28, 1985, the only shareholders who owned of record or, to the knowledge of the management of the company, owned beneficially, directly or indirectly, more than five percent of the outstanding Class A or Class B shares of the company were the following:

<table>
<tr><th>Title of class</th><th>Name and address</th><th>Amount and nature of ownership</th><th>Percent of class</th><th>Percent of total shares</th></tr>
<tr><td>Class A convertible shares</td><td>Exxon Corporation,<br>1251 Avenue of the Americas,<br>New York, New York 10020</td><td>112 070 385 shares owned of record and beneficially</td><td>70.678</td><td rowspan="2">69.5</td></tr>
<tr><td>Class B convertible shares</td><td>Exxon Corporation,<br>1251 Avenue of the Americas,<br>New York, New York 10020</td><td>290 582 shares owned of record and beneficially</td><td>9.65</td></tr>
<tr><td>Class B convertible shares</td><td>Newbell & Co.,<br>c/o Royal Trust Company,<br>P.O. Box 730, Place d'Armes,<br>Montreal, Quebec H2Y 3J1</td><td>599 937 shares owned of record</td><td>19.924</td><td>0.37</td></tr>
<tr><td>Class A convertible shares</td><td>C.D.S. & Co.,<br>2 First Canadian Place,<br>P.O. Box 32,<br>Toronto, Ontario M5L 1A9</td><td>12 441 750 shares owned of record</td><td>7.846</td><td rowspan="2">7.8</td></tr>
<tr><td>Class B convertible shares</td><td>C.D.S. & Co.,<br>2 First Canadian Place,<br>P.O. Box 32,<br>Toronto, Ontario M5L 1A9</td><td>198 344 shares owned of record</td><td>6.587</td></tr>
<tr><td>Class B convertible shares</td><td>Swisstor & Co., 555<br>c/o Swiss Bank Corporation<br>Royal Bank Plaza,<br>P.O. Box 22,<br>Toronto, Ontario M5J 2J1</td><td>225 938 shares owned of record</td><td>7.503</td><td>0.13</td></tr>
</table>

As of February 28, 1985, the nominees proposed by the board of directors to be elected as directors of the company, and the nominees for election as directors, the officers, and vice-presidents of the company as a group, owned beneficially, directly or indirectly, the number of Class A and Class B shares of the company and the common shares of Exxon Corporation shown on page 3.

| | Amount beneficially owned and title class (1) | | |
|---|---|---|---|
| | Shares of Imperial Oil Limited | | Shares of Exxon Corporation |
| | Class A | Class B | |
| John E. Akitt | — | 933 | — |
| J. Bruce Buchanan | 120 | — | — |
| J.V. Raymond Cyr | 200 | — | — |
| Pierre Des Marais II | 120 | — | — |
| Arden R. Haynes | 111 | 4772 | 10 |
| Muriel Kovitz | 1320 | — | — |
| William A. Macdonald | 120 | — | — |
| Robert B. Peterson | 100 | 1516 | — |
| Gordon H. Thomson | 140 | — | — |
| William J. Young | 2000 | — | 600 |
| Nominees for election as directors, officers, and vice-presidents as a group (2) | 7291 | 13 779 | 610 |

(1) This information, not being within the knowledge of the company, has been provided by the nominees for election as directors, the officers, and vice-presidents individually.

(2) The nominees for election as directors, the officers, and vice-presidents as a group own beneficially approximately 0.01 percent of the total number of outstanding shares of the company.

**Election of directors**

The board of directors consists of ten directors. Each director is elected to hold office until the close of the next annual meeting.

At the previous annual meeting of shareholders on April 24, 1984, the owners of 86 percent of the outstanding shares were present or represented by proxies of which 99 percent were voted for the election of the nominees for directors proposed by the board of directors of the company and one percent were withheld from voting for such nominees.

**Unless it is specified in a proxy that the shares it represents shall be withheld from voting in the election of directors, the persons named in the accompanying form of proxy as proxyholder intend to vote the shares it represents for the election of the nominees whose names follow, all of whom, except John E. Akitt, J.V. Raymond Cyr and Gordon H. Thomson, are now members of the board of directors and have been since the dates indicated.**

The board of directors does not expect that any of the nominees will be unable to serve as a director but, if that should occur for any reason prior to the meeting, the persons named in the accompanying proxy as proxyholder reserve the right to vote the shares it represents for another nominee at their discretion unless the proxy specifies that the shares are to be withheld from voting in the election of directors in respect of all nominees.

The following table lists the names of persons proposed to be elected as directors.

| Name, age, and current principal occupation or employment | Director since |
|---|---|
| John E. Akitt, 52, vice-president, Imperial Oil Limited and president, Esso Chemical Canada, a division of Imperial Oil Limited | — |
| J. Bruce Buchanan, 55, vice-chairman, British Columbia Packers Limited (fish and seafood) | Sept. 24, 1979 |
| J.V. Raymond Cyr, 51, chairman, president and chief executive officer, Bell Canada (supplier of telecommunications services and equipment) | — |
| Pierre Des Marais II, 50, president, Pierre Des Marais Inc. (printing and lithography) | April 22, 1977 |
| Arden R. Haynes, 57, president, chief operating officer, and director, Imperial Oil Limited | April 23, 1982 |
| Muriel Kovitz, 59, president, Murko Investments Ltd. (property and livestock) | April 22, 1977 |
| William A. Macdonald, Q.C., 57, partner, McMillan, Binch (barristers and solicitors) | April 22, 1977 |
| Robert B. Peterson, 47, president, and chief executive officer, Esso Resources Canada Limited (natural resources, and a significant wholly-owned subsidiary of Imperial Oil Limited) | Oct. 1, 1984 |
| Gordon H. Thomson, 43, vice-president, Imperial Oil Limited and president, Esso Petroleum Canada, a division of Imperial Oil Limited | — |
| William J. Young, 57, senior vice-president and director, Imperial Oil Limited | Aug. 1, 1975 |

All of the nominees for election as directors have been engaged for more than five years in their present principal occupations or in other executive capacities with the same firm or, in the case of Robert B. Peterson and the four nominees for election as directors who are also employees of

the company, in other executive capacities with the company's affiliates.

Arden R. Haynes was previously a director of the company from April 22, 1974 to August 31, 1978; he is chairman of the board and a director of Esso Resources Canada Limited, a wholly-owned significant subsidiary of Imperial Oil Limited and is a director of Power Corporation of Canada, which is subject to reporting requirements under the U.S. Securities Exchange Act of 1934.

Robert B. Peterson, Gordon H. Thomson and William J. Young are directors of Interprovincial Pipe Line Limited, which is subject to reporting requirements under the U.S. Securities Exchange Act of 1934. Imperial Oil Limited owns 22% of the voting shares of Interprovincial Pipe Line Limited.

J.V. Raymond Cyr is a director of Bell Enterprises Inc. and of Northern Telecom Limited, which are subject to reporting requirements under the U.S. Securities Exchange Act of 1934.

**Board of directors and board committees**

The board of directors met 11 times in 1984 with attendance averaging 93 percent.

Meetings of board committees are usually scheduled on the same day as board meetings. Attendance at all board committee meetings in 1984 averaged 92 percent. The following are committees of the board of directors:

**Audit committee**

The committee, composed of J.B. Buchanan, P. Des Marais II, A.R. Haynes, M. Kovitz and W.A. Macdonald, reviews the company's financial statements, accounting practices, and business and financial controls. It also recommends the appointment of auditors and reviews their fees. The shareholders' auditors, Price Waterhouse, attend and participate in all meetings. The committee met eight times in 1984.

**Board compensation committee**

The committee, composed of J.B. Buchanan, P. Des Marais II, M. Kovitz, W.A. Macdonald, and D.K. McIvor, is responsible for decisions on the compensation of senior management above the level of vice-president. It also reviews policy on corporate compensation and the process by which future managers of the company are identified and selected. The committee met six times in 1984.

**Contributions committee**

The committee, composed of J.B. Buchanan, P. Des Marais II, A.R. Haynes, M. Kovitz and W.A. Macdonald, examines policies and programs related to the company's contribution program and recommends an annual budget for adoption by the board of directors. The company's contribution program is aimed at enhancing the quality of Canadian life through support for education, health, welfare, community services, sports, and culture. The committee met five times in 1984.

**Nominations committee**

The committee, composed of J.B. Buchanan, P. Des Marais II, M. Kovitz, W.A. Macdonald, and D.K. McIvor, recommends to the board of directors the slate of director candidates to be proposed for election by the shareholders at the annual meeting. It also recommends criteria for the selection and tenure of directors, specific director candidates, and the successor to the chief executive officer when vacancies are anticipated. The committee met three times in 1984.

The nominations committee does not consider director candidates recommended by shareholders. According to the Canada Business Corporations Act, a shareholder who wishes to nominate director candidates may do so at the annual meeting and, subject to the requirements of the Act in that respect, may submit to the company a proposal to nominate director candidates. Such a proposal may be included in the management proxy circular for consideration by the shareholders at the next annual meeting provided that the proposal is signed by one or more shareholders who in the aggregate represent at least five percent of the shares of the company entitled to vote at the meeting, as provided in the Act.

**Officers and Vice-presidents**

| Name, age, and office | Office held since |
|---|---|
| Donald K. McIvor, 56, chairman of the board and chief executive officer | Jan. 1, 1982 |
| Arden R. Haynes, 57, president and chief operating officer | Oct. 1, 1982 |
| William J. Young, 57, senior vice-president | Aug. 1, 1975 |
| John E. Akitt, 52, vice-president and president of Esso Chemical Canada | Aug. 1, 1981 |
| William E. Beacom, 54, vice-president and comptroller | Sept. 1, 1980 |
| Arthur F. Gomm, 52, vice-president | Dec. 1, 1984 |
| H. Gordon Jarvis, 50, vice-president and treasurer | Dec. 1, 1983 |
| Robert E. Landry, 55, vice-president | Dec. 1, 1978 |
| William J. Mann, 42, vice-president, human resources | Jan. 1, 1984 |
| Richard J. Michaelides, 51, general secretary | Mar. 15, 1982 |
| George A. Rogers, Q.C., 56, vice-president and general counsel | Nov. 19, 1976 |
| William N. Sande, 57, vice-president, corporate business development and technology | Oct. 1, 1983 |
| Gordon H. Thomson, 43, vice-president and president of Esso Petroleum Canada | July 15, 1982 |

All of the officers and vice-presidents have been engaged for more than five years at their current occupations or in other executive or employee capacities with the company or its affiliates. All officers and vice-presidents hold office until their appointment is rescinded by the board of directors, or by the chief executive officer.

**Remuneration of management**

The five most highly compensated executives of the company in 1984 were:

| | Donald K. McIvor | Arden R. Haynes | William J. Young | Robert B. Peterson | John E. Akitt |
|---|---|---|---|---|---|
| Remuneration paid in 1984 (1) (dollars) | 600 750 | 486 625 | 369 625 | 343 000 | 309 750 |

(1) Consists of salaries, bonuses, and company contributions to the Employees Financial Program. Employee contributions to the Employees Financial Program are matched by the company to a maximum of five percent of base salary.

| | NATURE OF REMUNERATION EARNED (DOLLARS) | | | | | |
|---|---|---|---|---|---|---|
| | Directors Fees (1) | Salaries (2) | Bonuses | Non-Accountable Expense All. | Others | Total |
| REMUNERATION OF DIRECTORS of the company in 1984 while serving as directors or as both directors and officers or, in the case of one director, as a director and officer of a subsidiary | 161 650 | 1 566 250 | 435 000 | not applicable | not applicable | 2 162 900 |
| (A) Number of directors: 8 current and 1 former director | | | | | | |
| (B) Body Corporate incurring the expense: Imperial Oil Limited Esso Resources Canada Limited (3) | | | | | | |
| REMUNERATION OF OFFICERS AND VICE-PRESIDENTS of the company in 1984 while serving only as officers or vice-presidents | not applicable | 1 810 726 | 381 000 | not applicable | not applicable | 2 191 726 |
| (A) Number of officers and vice-presidents: 10 current officers and vice-presidents | | | | | | |
| (B) Body Corporate incurring the expense: Imperial Oil Limited | | | | | | |
| TOTALS | 161 650 | 3 376 976 | 816 000 | | | 4 354 626 |

(1) Directors' fees were paid only to directors who are not officers with the exception of Robert B. Peterson who was not paid directors' fees. Directors who are not officers are paid an annual fee of $12 000 for their services as directors, plus $2000 for each committee on which they serve, an additional $1000 if they serve as chairman of a committee and $650 for each board or committee meeting attended.

(2) Consists of salaries and company contributions to the Employees Financial Program. Employee contributions to the

Employees Financial Program are matched by the company to a maximum of five percent of base salary.

(3) The remuneration of Robert B. Peterson in his capacity as a director and officer of Esso Resources Canada Limited was paid by Esso Resources Canada Limited, a wholly-owned subsidiary of Imperial Oil Limited.

Apart from the compensation set out in the preceding table and under the plans described on the following pages, the aggregate cost of other compensation which was not received as cash for service during 1984 by Robert B. Peterson and the four directors who were also employees of the company, including one former director, as a group, and by the ten officers and vice-presidents who were not directors, as a group, was not more than $75 000 and $56 000 respectively.

**Long-term incentive compensation**

Additional compensation is granted to attract and retain promising employees and reward them for high performance. The additional compensation is in the form of units. The potential value of each unit is keyed to the higher of two amounts: (1) the excess, if any, of the earnings per share in the year prior to exercise over a base value determined from previous earnings per share or, (2) the excess, if any, of the market price per Class A share at the time of exercise over a base value determined from previous share prices. The value, if any, is payable by the company when the employee exercises the unit or in such other manner as the company deems appropriate. Each unit is exercisable during a specified number of years beginning after a fixed period.

The following table provides certain information concerning units of compensation granted under this plan.

| Long-term incentive compensation units | Donald K. McIvor | Arden R. Haynes | William J. Young | Robert B. Peterson | John E. Akitt | 19 directors, officers, and vice-presidents as a group (including one former director) (1) |
|---|---|---|---|---|---|---|
| Units granted during 1984 (2) | 19 760 | 15 325 | 11 170 | 10 645 | 9555 | 126 535 |
| Cash realized during 1984 on exercise of units granted in previous years (dollars) | — | — | — | — | — | 24 296 |

(1) As of February 28, 1985, the company has accrued $6 088 000 in respect of future payments under this plan to this group.

(2) These units are not currently exercisable. Payment on exercise of these units would be based on an increase, if any, over $2.30 in earnings per share in the year prior to exercise or over $31.39 in the market price of a Class A share, subject to a maximum limitation.

**Employee retirement payments**

The company's pension plan applies to all employees. The plan provides an annual pension of a specified percentage of an employee's "final three year average earnings," multiplied by the employee's years of service, subject to certain age and service requirements. The aggregate cost to the company and its subsidiaries in 1984 of all pensions proposed to be paid under this plan to directors, officers, and vice-presidents as a group, assuming continuation of service until retirement at the age of 65, is estimated to be $137 000.

In addition to the pension payable under the plan, the company has paid and may continue to pay a supplemental retirement allowance to selected executives. The following table shows the estimated undiscounted annual payments, consisting of pension and supplemental retirement allowance, payable on retirement to persons in specified classifications of remuneration and years of service. The remuneration used to determine the payments on retirement to each of the five individuals named in the remuneration table on page 5 corresponds generally to the remuneration shown in that table. As of February 28, 1985,the number of years of service under the pension plan were 35 for Donald K. McIvor, 34 for Arden R. Haynes, 24 for William J. Young, 25 for Robert B. Peterson, and 30 for John E. Akitt.

| Remuneration for determining payments on retirement (dollars) | Estimated undiscounted annual payments on retirement after years of service indicated below (dollars) | | | | |
|---|---|---|---|---|---|
| | 15 years | 20 years | 25 years | 30 years | 35 years |
| 250 000 | 60 000 | 80 000 | 100 000 | 120 000 | 140 000 |
| 300 000 | 72 000 | 96 000 | 120 000 | 144 000 | 168 000 |
| 350 000 | 84 000 | 112 000 | 140 000 | 168 000 | 196 000 |
| 400 000 | 96 000 | 128 000 | 160 000 | 192 000 | 224 000 |
| 450 000 | 108 000 | 144 000 | 180 000 | 216 000 | 252 000 |
| 500 000 | 120 000 | 160 000 | 200 000 | 240 000 | 280 000 |
| 550 000 | 132 000 | 176 000 | 220 000 | 264 000 | 308 000 |
| 600 000 | 144 000 | 192 000 | 240 000 | 288 000 | 336 000 |
| 650 000 | 156 000 | 208 000 | 260 000 | 312 000 | 364 000 |
| 700 000 | 168 000 | 224 000 | 280 000 | 336 000 | 392 000 |
| 750 000 | 180 000 | 240 000 | 300 000 | 360 000 | 420 000 |

**Options to purchase shares**

The company had a plan for certain employees under which options for the purchase of Class A or Class B shares of the company were outstanding in 1984. All unexercised options expired on July 15, 1984. The following table contains information about options exercised by directors, officers, and vice-presidents under that plan.

| Options to purchase Class A or Class B shares of the company | Donald K. McIvor | Arden R. Haynes | William J. Young | Robert B. Peterson | John E. Akitt | 19 directors, officers, and vice-presidents as a group (including one former director) |
|---|---|---|---|---|---|---|
| Options exercised during 1984 | — | 6000 | 1220 | — | — | 10 060 |
| Aggregate net value of shares realized (market price less exercise price) on dates of exercise of options (dollars) | — | 58 050 | 16 566 | — | — | 104 933 |

Exercise of options by directors, officers, and vice-presidents of the company during the first and second calendar quarters of 1984 and from July 1, 1984 to July 15, 1984 were as follows:

| Exercise price per share (dollars) | Year of grant of option | Number of Class A or Class B shares | | |
|---|---|---|---|---|
| | | First quarter | Second quarter | July 1, 1984 to July 15, 1984 |
| 25.20 | 1974 | 1220 | 8840 | — |
| Price range of Class A shares based on Toronto Stock Exchange quotations (dollars) | | 39 1/8 - 35 | 40 1/8 - 34 1/2 | 35 1/2 - 34 5/8 |

**Certain transactions with Exxon Corporation**

The net amount received by the company on transactions with Exxon Corporation and affiliates of Exxon was $197 million in 1984. The terms of the transactions were competitive or as favourable as they would have been with unrelated parties. The transactions were to maintain supplies of crude oil, petroleum and petrochemical products to customers. Transportation, technical and engineering services were also performed and received. Exxon owns 69.5 percent of the outstanding voting shares of the company.

**Directors', officers', and vice-presidents' liability insurance**

Liability insurance in the amount of $25 000 000 per policy year is purchased for the benefit of directors, officers, and vice-presidents of the company and its wholly-owned subsidiaries against liability incurred by them in their capacities as directors, officers, or vice-presidents of the company or its wholly-owned subsidiaries.

In 1984, the approximate amount of premium paid for this insurance was $34 000. The premium is paid without distinction as to directors as a group or officers and vice-presidents as a group and the total cost of the insurance is paid by the company.

In the case of events for which the company is not permitted by law to reimburse the insured, there is no deductible. Where the company is permitted to reimburse the insured, the deductible is $100 000.

**Reappointment of the auditors**

**Unless it is specified in a proxy that the shares it represents shall be withheld from voting or voted against in the reappointment of the auditors, the persons named in the accompanying form of proxy as proxyholder intend to vote the shares it represents for the reappointment of Price Waterhouse as auditors of the company to hold office until the close of the next annual meeting.**

Price Waterhouse have been auditors of the company for more than five years.

Representatives of Price Waterhouse are expected to be present at the annual meeting with the opportunity to make a statement if they desire to do so. Such representatives are expected to be available to respond to appropriate questions.

**Shareholder proposals**

According to the Canada Business Corporations Act, a notice of any shareholder's proposal which meets the provisions of that Act, and is intended to be presented at the next annual meeting of shareholders, must be received by the company no later than January 23, 1986 for inclusion in the company's management proxy circular and form of proxy relating to that meeting.

**Other Business**

The management is not aware of any matters to be presented for action at the annual meeting other than the items set forth in the invitation to attend the meeting.

The contents and the sending of this circular to the shareholders have been approved by the directors.

Imperial Oil Limited

R.J. Michaelides
General secretary

Toronto, Canada
February 28, 1985

AR36

# Imperial Oil Limited invites you to attend the annual meeting of shareholders April 21, 1986

It's my pleasure to invite you to attend your company's annual meeting of shareholders, to be held in the Canadian Room of the Royal York Hotel, 100 Front Street West, Toronto, Canada, on Monday April 21, 1986, at 11 a.m., local time.

The meeting is called to consider the consolidated financial statements for the year ended December 31, 1985, the auditors' report, and receive a report of the company's operations for 1985 and the first quarter of 1986.

Shareholders will also be asked to elect directors, reappoint the auditors, and transact other business that may properly be brought before the meeting.

The management proxy circular, which includes information meeting regulatory requirements, the proxy form, and the company's 1985 annual report are enclosed. They contain information of importance to every shareholder and I encourage you to read them.

If you are unable to attend the meeting in person, we'd appreciate your support and participation by completing and returning your proxy so that your wishes may be known and your votes recorded.

Arden R. Haynes

Arden R. Haynes,
Chairman of the board, president and chief executive officer

111 St. Clair Avenue West, Toronto, Canada, M5W 1K3
March 24, 1986

# Management proxy circular

(dated as of Feb. 28, 1986)

**This circular is furnished in connection with the solicitation by the board of directors of Imperial Oil Limited (the company) of proxies to be used at the annual meeting of shareholders to be held at the time and place and for the purposes indicated in the invitation to attend the meeting.**

Proxies will be solicited primarily by mail, but may also be solicited personally by employees. The company will bear the cost of the solicitation.

### How your proxies will be used

Shares represented by any proxy in the accompanying form or any other valid proxy will be voted or withheld from voting in accordance with the instructions given by the shareholder on any ballot that may be called for.

**In the absence of instructions, the shares will be voted for the election of directors and the reappointment of the auditors, as stated in bold type on pages three and eight.**

The accompanying form of proxy confers discretionary authority on the persons named in it with respect to amendments to matters identified in the invitation to attend the meeting or other matters that may properly come before the meeting. At the date of this management proxy circular, the board of directors of the company was not aware that any such amendments or other matters were to be presented for action at the meeting.

### If you wish to revoke your proxy

In addition to revocation in any other manner permitted by law, a shareholder may revoke the proxy by an instrument in writing executed by the shareholder (or by the shareholder's attorney authorized in writing) and deposited either, (a) at the registered office of the company at 111 St. Clair Avenue West, Toronto, Canada at any time up to and including the last business day preceding the day of the meeting, or an adjournment thereof, at which the proxy is to be used or, (b) with the chairman of the meeting on the day of the meeting or an adjournment thereof.

### Information about your voting rights

As of February 28, 1986, there were 162 380 458 Class A convertible shares and 1 233 976 Class B convertible shares outstanding. Holders of Class A and B shares are entitled to one vote for each share shown as registered in the holder's name in the list of shareholders. At class meetings, only the holders of that class of shares are entitled to vote. The list of shareholders is available for inspection during business hours at the registered office of the company at 111 St. Clair Avenue West, Toronto, Canada, and at the annual meeting.

The list of shareholders was prepared as of the close of business on March 21, 1986, being the business day immediately preceding the day on which the invitation to attend the annual meeting was given. A person who has acquired ownership of shares since the date of the list of shareholders may establish such ownership and, not later than ten days before the annual meeting, arrange that the person's name be included in the list of shareholders.

### Largest shareholders

As of February 28, 1986, the only shareholders who owned of record or, to the knowledge of the management of the company, owned beneficially, directly or indirectly, more than five percent of the outstanding Class A or Class B shares of the company are described in the table following on page three.

| Title of class | Name and address | Amount and nature of ownership | Percent of class | Percent of total shares |
|---|---|---|---|---|
| Class A convertible shares | Exxon Corporation, 1251 Avenue of the Americas, New York, New York 10020 | 113 874 815 shares owned of record and beneficially | 70.128 | 69.6 |
| Class B convertible shares | Newbell & Co., (1) c/o Royal Trust Company, P.O. Box 730, Place d'Armes, Montreal, Quebec H2Y 3J1 | 524 357 shares owned of record | 42.493 | 0.32 |
| Class A convertible shares | C.D.S. & Co., (1) 2 First Canadian Place, P.O. Box 32, Toronto, Ontario M5L 1A9 | 13 941 731 shares owned of record | 8.586 | 8.56 |
| Class B convertible shares | C.D.S. & Co., (1) 2 First Canadian Place, P.O. Box 32, Toronto, Ontario M5L 1A9 | 64 497 shares owned of record | 5.226 | |
| Class B convertible shares | City Treasurer, Corp. of the City of Ottawa, In Trust for City of Ottawa Superannuation Fund, 111 Sussex Drive Ottawa, Ontario K1N 5A1 | 90 032 shares owned of record | 7.296 | 0.06 |

(1) To the company's knowledge, these are nominees in whose names shares are registered on behalf of a number of beneficial owners.

**Your board of directors**

The board of directors consists of ten directors. Each director is elected to hold office until the close of the next annual meeting.

**Unless it is specified in a proxy that the shares it represents shall be withheld from voting in the election of directors, the persons named in the accompanying form of proxy as potential proxyholders intend to vote the shares it represents for the election of the nominees whose names follow, all of whom are now members of the board of directors and have been since the dates indicated.**

The board of directors does not expect that any of the nominees will be unable to serve as a director but, if that should occur for any reason prior to the meeting, the persons named in the accompanying proxy as potential proxyholders reserve the right to vote the shares it represents for another nominee at their discretion unless the proxy specifies that the shares are to be withheld from voting in the election of directors in respect of all nominees.

The table following on page four provides information on the nominees for election as directors.

| Name, age and current principal occupation or employment | Director since | Shares of Imperial Oil Limited beneficially owned (1) Class A | Class B | Shares of Exxon Corporation beneficially owned (1) |
|---|---|---|---|---|
| John E. Akitt, 53, president, Esso Chemical Canada, a division of Imperial Oil Limited | April 23, 1985 | 1 204 | — | — |
| J. Bruce Buchanan, 56, vice-chairman, British Columbia Packers Limited (fish and seafood) | Sept. 24, 1979 | 120 | — | — |
| J.V. Raymond Cyr, 52, chairman and chief executive officer, Bell Canada (supplier of telecommunications services and equipment) | April 23, 1985 | 200 | — | — |
| Pierre Des Marais II, 51, president, Pierre Des Marais Inc. (printing and lithography) | April 22, 1977 | 120 | — | — |
| Arden R. Haynes, 58, chairman of the board, president and chief executive officer, Imperial Oil Limited | April 23, 1982 (2) | 115 | 5 964 | 10 |
| Muriel Kovitz, 60, president, Murko Investments Ltd. (property livestock) | April 22, 1977 | 1 320 | — | — |
| William A. Macdonald, Q.C., 58, partner, McMillan, Binch (barristers and solicitors) | April 22, 1977 | 120 | — | — |
| Robert B. Peterson, 48, executive vice-president and chief operating officer, Imperial Oil Limited (3) | October 1, 1984 | 100 | 2 288 | — |
| Gordon H. Thomson, 44, president, Esso Petroleum Canada, a division of Imperial Oil Limited | April 23, 1985 | 340 | — | — |
| William J. Young, 58, executive vice-president and chief financial officer, Imperial Oil Limited | August 1, 1975 | 2 000 | — | 1 000 |
| Nominees, officers and vice-presidents as a group (4) (A listing of officers and vice-presidents is on page 5.) | | 15 425 | 10 191 | 1 010 |

(1) This information not being within the knowledge of the company, has been provided by the nominees, the officers and vice-presidents individually.

(2) Arden R. Haynes was previously a director of the company from April 22, 1974 to August 31, 1978.

(3) Robert B. Peterson is also chairman of the board and a director of Esso Resources Canada Limited, a wholly-owned significant subsidiary of Imperial Oil Limited.

(4) The nominees, officers and vice-presidents as a group own beneficially approximately 0.02 percent of the total number of outstanding shares of the company.

All of the nominees have been engaged for more than five years in their present principal occupations or in other executive capacities with the same firm or affiliated firms.

The following nominees are also directors of companies which are subject to reporting requirements under the U.S. Securities Exchange Act of 1934.

| Director | Company |
|---|---|
| J.V. Raymond Cyr | Bell Canada Enterprises Inc. |
| Pierre Des Marais II | Carling O'Keefe Limited |
| Arden R. Haynes | Power Corporation of Canada |
| Robert B. Peterson | Interprovincial Pipe Line Limited (1) |
| Gordon H. Thomson | Interprovincial Pipe Line Limited |
| William J. Young | Interprovincial Pipe Line Limited |

(1) Imperial Oil Limited owns 22 percent of the voting shares of Interprovincial Pipe Line Limited.

The board of directors holds regular meetings and has established a number of committees to deal with particular areas of responsibility. The board of directors met 11 times in 1985 with attendance averaging 91.4 percent. Additional information on the committees of directors can be found in the company's 1985 Annual Report to Shareholders, pages 59 and 60, which information is incorporated herein by reference.

The nominations committee, which recommends to the board the slate of director candidates to be proposed for election by the shareholders at the annual meeting, does not consider director candidates recommended by shareholders. According to the Canada Business Corporations Act, a shareholder who wishes to nominate director candidates may do so at the annual meeting and, subject to the requirements of the Act in that respect, may submit to the company a proposal to nominate director candidates. Such a proposal may be included in the management proxy circular for consideration by the shareholders at the next annual meeting provided that the proposal is signed by one or more shareholders who in the aggregate represent at least five percent of the shares of the company entitled to vote at the meeting, as provided in the Act.

**The officers and vice-presidents of your company**

| Name, age, and office | Office held since |
|---|---|
| Arden R. Haynes, 58, chairman of the board, president (1) and chief executive officer | April 23, 1985 |
| Robert B. Peterson, 48, executive vice-president and chief operating officer | April 23, 1985 |
| William J. Young, 58, executive vice-president and chief financial officer | April 23, 1985 |
| John E. Akitt, 53, vice-president and president of Esso Chemical Canada | Aug. 1, 1981 |
| William E. Beacom, 55, vice-president and comptroller | Sept. 1, 1980 |
| Robert A. Burnside, 52, vice-president, corporate business development and technology | Sept. 1, 1985 |
| Arthur F. Gomm, 53, vice-president, operations planning and coordination | Dec. 1, 1984 |
| H. Gordon Jarvis, 51, vice-president and treasurer | Dec. 1, 1983 |
| Robert E. Landry, 56, vice-president | Dec. 1, 1978 |
| William J. Mann, 43, vice-president, human resources | Jan. 1, 1984 |
| Richard J. Michaelides, 52, general secretary | Mar. 15, 1982 |
| George A. Rogers, Q.C., 57, vice-president and general counsel | Nov. 19, 1976 |
| Gordon H. Thomson, 44, vice-president and president of Esso Petroleum Canada | July 15, 1982 |

(1) Arden R. Haynes was appointed president on October 1, 1982.

All of the officers and vice-presidents have been engaged for more than five years at their current occupations or in other executive or employee capacities with the company or its affiliates. All officers and vice-presidents hold office until their appointment is rescinded by the board of directors, or by the chief executive officer.

**The remuneration of your directors and management**

| | NATURE OF REMUNERATION EARNED (DOLLARS) IN 1985 | | | | | |
|---|---|---|---|---|---|---|
| | Directors Fees (1) | Salaries (2) | Bonuses | Non-Accountable Expense All. | Others (3) | Total |
| REMUNERATION OF DIRECTORS | 197 546 | 1 940 123 | 480 000 | not applicable | not applicable | 2 617 669 |
| (A) Number of directors: 10 current and 1 former | | | | | | |
| (B) Body Corporate incurring the expense: Imperial Oil Limited | | | | | | |
| REMUNERATION OF OFFICERS AND VICE-PRESIDENTS who were not directors | not applicable | 1 728 869 | 288 000 | not applicable | 78 000 | 2 094 869 |
| (A) Number of officers and vice-presidents: 8 current and 1 former | | | | | | |
| (B) Body Corporate incurring the expense: Imperial Oil Limited | | | | | | |
| TOTALS | 197 546 | 3 668 992 | 768 000 | | 78 000 | 4 712 538 |

(1) Directors' fees were paid only to non-employee directors. Non-employee directors are paid an annual fee of $12 000 for their services as directors, plus $2 000 for each committee on which they serve, an additional $1 000 if they serve as chairman of a committee and $750 for each board or committee meeting attended.

(2) Consists of salaries and company contributions to the Employees Financial Program. Employee contributions to the Employees Financial Program are matched by the company to a maximum of five percent of base salary.

(3) Consists of retiring allowances which may be paid to selected employees.

The five most highly compensated executives of the company in 1985 were:

| | Remuneration paid in 1985 (1) (dollars) |
|---|---|
| Arden R. Haynes | 587 875 |
| William J. Young | 415 500 |
| Robert B. Peterson | 412 625 |
| John E. Akitt | 339 750 |
| Gordon H. Thomson | 332 500 |

(1) Consists of salaries, bonuses, and company contributions to the Employees Financial Program. Employee contributions to the Employees Financial Program are matched by the company to a maximum of five percent of base salary.

Apart from the compensation set out in the preceding table and under the plans described on the following pages, the aggregate cost of other compensation which was not received as cash for service during 1985 by the five employee directors and one former director, as a group, and by the officers and vice-presidents who were not directors, and one former vice-president, as a group, was not more than $70 000 and $60 000 respectively.

**Long-term incentive compensation**
Additional compensation is granted to attract and retain promising employees and reward them for high performance. The additional compensation is in the form of units. The potential value of each unit is keyed to the higher of two amounts: (1) the excess, if any, of the earnings per share in the year prior to exercise over a base value determined from previous earnings per share or, (2) the excess, if any, of the market price per Class A share at the time of exercise over a base value determined from previous share prices. The value, if any, is payable by the company when the employee exercises the unit or in such other manner as the company deems appropriate. Each unit is exercisable during a specified number of years beginning after a fixed period.

The following table provides certain information concerning units of compensation granted under this plan.

| | Units granted during 1985 (1) | Cash realized during 1985 on exercise of units granted in previous years (dollars) |
|---|---|---|
| Arden R. Haynes | 12 180 | 17 150 |
| William J. Young | 8 380 | 201 928 |
| Robert B. Peterson | 8 380 | — |
| John E. Akitt | 7 080 | 273 392 |
| Gordon H. Thomson | 6 910 | 112 087 |
| 20 directors, officers, and vice-presidents as a group (including one former director and one former vice-president) (2) | 72 970 | 1 036 772 |

(1) These units are not currently exercisable. Payment on exercise of these units would be based on an increase, if any, over $2.42 in earnings per share in the year prior to exercise or over $46.13 in the market price of a Class A share, subject to a maximum limitation.

(2) As of February 28, 1986, the company has accrued $6 955 662 in respect of future payments under this plan to this group.

**Payments to employees who retire**
The company's pension plan applies to almost all employees. The plan provides an annual pension of a specified percentage of an employee's "final three year average earnings," multiplied by the employee's years of service, subject to certain age and service requirements. The aggregate cost to the company and its subsidiaries in 1985 of all pensions proposed to be paid under this plan to directors, officers, and vice-presidents as a group, assuming continuation of service until retirement at the age of 65, is estimated to be $152 012.

In addition to the pension payable under the plan, the company has paid and may continue to pay a supplemental retirement allowance to selected executives. The following table shows the estimated undiscounted annual payments, consisting of pension and supplemental retirement allowance, payable on retirement to persons in specified classifications of remuneration and years of service. The remuneration used to determine the payments on retirement to each of the five individuals named in the remuneration table on page six corresponds generally to the remuneration shown in that table. As of February 28, 1986,the number of years of service under the pension plan were 35 for Arden R. Haynes, 25 for William J. Young, 26 for Robert B. Peterson, 31 for John E. Akitt and 22 for Gordon H. Thomson.

| Remuneration for determining payments on retirement (dollars) | Estimated undiscounted annual payments on retirement after years of service indicated below (dollars) | | | |
|---|---|---|---|---|
| | 20 years | 25 years | 30 years | 35 years |
| 250 000 | 80 000 | 100 000 | 120 000 | 140 000 |
| 300 000 | 96 000 | 120 000 | 144 000 | 168 000 |
| 350 000 | 112 000 | 140 000 | 168 000 | 196 000 |
| 400 000 | 128 000 | 160 000 | 192 000 | 224 000 |
| 450 000 | 144 000 | 180 000 | 216 000 | 252 000 |
| 500 000 | 160 000 | 200 000 | 240 000 | 280 000 |
| 550 000 | 176 000 | 220 000 | 264 000 | 308 000 |
| 600 000 | 192 000 | 240 000 | 288 000 | 336 000 |
| 650 000 | 208 000 | 260 000 | 312 000 | 364 000 |
| 700 000 | 224 000 | 280 000 | 336 000 | 392 000 |
| 750 000 | 240 000 | 300 000 | 360 000 | 420 000 |

## Certain transactions with Exxon Corporation

The net amount incurred by the company on transactions with Exxon Corporation and affiliates of Exxon was $244 million in 1985. The terms of the transactions were competitive or as favourable as they would have been with unrelated parties. The transactions were to maintain supplies of crude oil, petroleum and petrochemical products to customers. Transportation, technical and engineering services were also performed and received. Exxon owns 69.6 percent of the outstanding voting shares of the company.

## Liability insurance

Liability insurance in the amount of $25 000 000 per policy year is purchased for the benefit of directors, officers, and vice-presidents of the company and its wholly-owned subsidiaries against liability incurred by them in such capacities.

In 1985, the approximate amount of premium paid for this insurance was $34 000. The premium is paid without distinction as to directors as a group or officers and vice-presidents as a group and the total cost of the insurance is paid by the company.

In the case of events for which the company is not permitted by law to reimburse the insured, there is no deductible. Where the company is permitted to reimburse the insured, the deductible is $100 000.

## Reappointment of the auditors

Price Waterhouse have been auditors of the company for more than five years. Representatives of Price Waterhouse are expected to be present at the annual meeting with the opportunity to make a statement if they desire to do so. Such representatives are expected to be available to respond to appropriate questions.

**Unless it is specified in a proxy that the shares it represents shall be withheld from voting or voted against in the reappointment of the auditors, the persons named in the accompanying form of proxy as potential proxyholders intend to vote the shares it represents for the reappointment of Price Waterhouse as auditors of the company to hold office until the close of the next annual meeting.**

## If you have a proposal

According to the Canada Business Corporations Act, a notice of any shareholder's proposal which meets the provisions of that Act, and is intended to be presented at the next annual meeting of shareholders, must be received by the company no later than January 22, 1987 for inclusion in the company's management proxy circular and form of proxy relating to that meeting.

## Other business

The management is not aware of any matters to be presented for action at the annual meeting other than the items set forth in the invitation to attend the meeting.

The directors have approved the contents and the sending of this circular to shareholders.

Imperial Oil Limited

R.J. Michaelides

R.J. Michaelides
General secretary

Toronto, Canada
February 28, 1986

# Imperial Oil Limited invites you to attend the annual meeting of shareholders April 20, 1988, in Toronto.

Esso

Dear Shareholder:

It's my pleasure to invite you to attend your company's annual meeting of shareholders, to be held in the Metro Toronto Convention Centre, 255 Front Street West, Toronto, Ontario, Canada on Wednesday April 20, 1988, at 11 a.m. local time.

The meeting is called to consider the consolidated financial statements for the year ended December 31, 1987, and the auditors' report, and to receive a report of the company's operations for 1987 and the first quarter of 1988.

Shareholders will also be asked to elect directors, reappoint the auditors, and transact other business that may properly be brought before the meeting.

The management proxy circular, which includes information meeting regulatory requirements, the proxy form, and the company's 1987 annual report are enclosed. They contain information of importance to every shareholder and I encourage you to read them.

If you are unable to attend the meeting in person, we would appreciate your support and participation by completing and returning your proxy so that your wishes may be known and your votes recorded.

Arden R. Haynes

Arden R. Haynes,
Chairman, president and chief executive officer
111 St. Clair Avenue West, Toronto, Canada, M5W 1K3
March 16, 1988

# Management proxy circular

(dated as of February 19, 1988)

### Solicitation of proxies

**This circular is furnished by the directors of Imperial Oil Limited in connection with the solicitation of proxies for use in voting at its annual meeting of shareholders on April 20, 1988. The proxies will be used in the election of directors, the reappointment of auditors, and in any other business that may properly be brought before the annual meeting.**

Proxies will be solicited primarily by mail, but may also be solicited personally by employees. The company will bear the cost of the solicitation.

### How your proxies will be used

Shares represented by proxy (either on the accompanying form or on any other valid proxy) will be voted or withheld from voting, in accordance with the instructions given by the shareholder, on any ballot that may be called for at the annual meeting.

**In the absence of instructions, the shares will be voted for the election of directors and the reappointment of the auditors, as stated in bold type on page 2.**

The accompanying proxy gives the persons named in it the discretionary authority to act on amendments to matters identified in the invitation to attend the meeting or any additional matters that may properly be brought before the meeting. At the date of this circular, the directors of the company were not aware that any such amendments or additional matters were to be presented for action at the meeting.

### If you wish to revoke your proxy

As a shareholder, you can revoke your proxy for the annual meeting or any adjournment of the meeting in any manner permitted by law. This includes depositing a written statement signed by you (or signed by your attorney, authorized in writing) either, a) at the registered office of the company at 111 St. Clair Avenue West, Toronto, Canada, at any time up to and including the last business day before the meeting at which the proxy is to be voted, or b) with the chairman of the meeting on the day of the meeting.

### Information about your voting rights

As of February 19, 1988, there were 162 684 455 Class A convertible shares and 996 997 Class B convertible shares outstanding. Each Class A and B share registered in your name in the list of shareholders entitles you to one vote at the annual meeting. (At ''class meetings'' only the holders of that class of shares are entitled to vote). The list of shareholders is available for inspection during business hours at the registered office of the company at 111 St. Clair Avenue West, Toronto, Canada, and at the annual meeting.

The list of shareholders will be prepared as of the close of business on March 15, 1988, which is the record date for determining the shareholders entitled to receive the invitation to attend the annual meeting, and the accompanying management proxy circular and proxy, which will be sent to shareholders on March 16, 1988. Should you have acquired more shares since the date of the list and can provide proof of ownership, you can have those shares added opposite your name in the list of shareholders, so long as you do so at least ten days before the annual meeting.

### Largest shareholders

To the knowledge of the management of the company, the only shareholders who, as of February 19, 1988, owned beneficially, or owned of record on behalf of one owner, more than five percent of the outstanding Class A or Class B shares of the company are described in the table following on page 2.

| Title of class | Name and Address | Amount and nature of ownership | Percent of class | Percent of total shares |
|---|---|---|---|---|
| Class A convertible shares | Exxon Corporation, 1251 Avenue of the Americas, New York, New York 10020 | 113 874 815 shares owned of record and beneficially | 70.0 | 69.6 |
| Class B convertible shares | Newbell & Co. c/o Royal Trust Company P.O. Box 730, Place d'Armes Montreal, Quebec H2Y 3J1 | 524 767 shares owned of record | 52.6 | 0.3 |
| Class B convertible shares | Roycan & Co. c/o Royal Bank of Canada P.O. Box 6007 Montreal, Quebec H3C 3B5 | 64 573 shares owned of record | 6.5 | 0.04 |
| Class B convertible shares | Swisstor & Co. c/o Swiss Bank Corp. (Canada) P.O. Box 103 Toronto, Ontario M5J 1A7 | 59 709 shares owned of record | 6.0 | 0.04 |

### Certain transactions with Exxon Corporation

The amounts paid and received by the company and its subsidiaries on transactions in 1987 with Exxon Corporation and affiliates of Exxon were $568 million and $359 million, respectively. The terms of the transactions were competitive or as favourable as they would have been with unrelated parties. The transactions were primarily to maintain supplies of crude oil, petroleum and petrochemical products to customers. Transportation, technical and engineering services were also performed and received. Exxon owns 69.6 percent of the outstanding voting shares of the company.

### Reappointment of the auditors

Price Waterhouse have been auditors of the company for more than five years. Representatives of Price Waterhouse are expected to be present at the annual meeting and will have the opportunity to make a statement if they desire to do so. Such representatives are expected to be available to respond to appropriate questions.

**Unless a proxy specifies that the shares it represents should be withheld from voting or voted against in the reappointment of the auditors, the potential proxyholders named in the accompanying proxy intend to use it to vote for the reappointment of Price Waterhouse as auditors of the company to hold office until the close of the next annual meeting.**

### Your directors

Your company has ten directors. Each director is elected to hold office until the close of the next annual meeting.

**Unless a proxy specifies that the shares it represents should be withheld from voting in the election of directors, the potential proxyholders named in the accompanying proxy intend to use it to vote for the election of the following nominees, all of whom are now directors and have been since the dates indicated.**

The directors do not expect that any of the nominees will be unable to serve as a director. However, if that should occur for any reason prior to the meeting, the potential proxyholders reserve the right to vote the shares represented by proxy for another nominee at their discretion, unless the proxy specifies that the shares are to be withheld from voting for all director nominees.

The table following on page 3 provides information on the nominees for election as directors.

| Name, age and current principal occupation or employment | Director since | Shares of Imperial Oil Limited beneficially owned (1) Class A | Class B | Shares of Exxon Corporation beneficially owned (1) |
|---|---|---|---|---|
| J. Bruce Buchanan, 58, vice-chairman, British Columbia Packers Limited (fish and seafood) | Sept. 24, 1979 | 120 | – | – |
| Richard J. Currie, 50, president, Loblaws Companies Limited (retail and wholesale food distribution) | October 22, 1987 | 100 | – | – |
| Pierre Des Marais II, 53, president and chief executive officer, UNIMEDIA (1988) INC. (holding company: newspaper publishing, commercial printing and distribution) | April 22, 1977 | 120 | – | – |
| Arden R. Haynes, 60, chairman of the board, president, and chief executive officer, Imperial Oil Limited | April 23, 1982 (2) | 122 | 8 803 | 10 |
| William R.K. Innes, 45, vice-president, and president of Esso Chemical Canada, a division of Imperial Oil Limited | January 31, 1988 | 4 | – | – |
| Muriel Kovitz, 61, president, Murko Investments Ltd. (property and livestock) | April 22, 1977 | 1 320 | – | – |
| William A. Macdonald, 60, partner, McMillan, Binch (barristers and solicitors) | April 22, 1977 | 1 080 | – | – |
| Robert B. Peterson, 50, executive vice-president and chief operating officer, Imperial Oil Limited (3) | October 1, 1984 | 3 990 | 102 | – |
| Gordon H. Thomson, 46, vice-president, and president of Esso Petroleum Canada, a division of Imperial Oil Limited | April 23, 1985 | 340 | – | – |
| William J. Young, 60, executive vice-president and chief financial officer, Imperial Oil Limited | August 1, 1975 | 2 000 | – | 1 000 |
| Nominees, officers and vice-presidents as a group (4) | | 16 014 | 8 905 | 1 114 (5) |

(1) This information, not being within the knowledge of the company, has been provided by the nominees, the officers and vice-presidents individually.

(2) Arden R. Haynes was previously a director of the company from April 22, 1974, to August 31, 1978.

(3) Robert B. Peterson is also chairman of the board and a director of Esso Resources Canada Limited, a wholly-owned significant subsidiary of Imperial Oil Limited.

(4) The nominees, officers and vice-presidents consist of 21 persons who as a group own beneficially approximately 0.02 percent of the total number of outstanding shares of the company.

(5) This amount does not include 47 000 shares of Exxon Corporation that may be acquired pursuant to exercisable options granted by Exxon.

All of the nominees have been engaged for more than five years in their present principal occupations or in other executive capacities with the same firm or affiliated firms, except Pierre Des Marais II whose principal occupation was president, Pierre Des Marais Inc. (printing and lithography), for more than four years prior to late October 1986, when he was appointed chairman of the board, president and chief executive officer of Carling O'Keefe Limited (brewery and wine products and natural resources) until mid-1987 when he was appointed to his present positions with Unimedia Limited (now UNIMEDIA (1988) INC.).

During the five years prior to his appointment as a director of Imperial Oil Limited effective January 31, 1988, William R.K. Innes was successively vice-president, solvents, and executive vice-president of Esso Chem Europe Inc. in Brussels before returning to Esso Chemical Canada to become president of that division in August 1986.

The following nominees are also directors of companies that are subject to reporting requirements under the U.S. Securities Exchange Act of 1934.

| Director | Company |
|---|---|
| Arden R. Haynes | Power Corporation of Canada |
| Arden R. Haynes | Moore Corporation Limited |
| Robert B. Peterson | Interprovincial Pipe Line Limited (1) |
| Gordon H. Thomson | Interprovincial Pipe Line Limited |
| William J. Young | Interprovincial Pipe Line Limited |

(1) Imperial Oil owns 22.5 percent of the voting shares of Interprovincial Pipe Line Limited.

### Directors – meetings and committees

Your directors hold regular meetings and have established a number of committees to deal with specific areas of responsibility. The directors held 13 meetings in 1987; attendance averaged 94 percent.

Meetings of committees of directors are usually scheduled on the same day as meetings of directors. Attendance at all committee meetings in 1987 averaged 87 percent.

Regulations require that the management proxy circular includes data on any director who attended, for whatever reason, fewer than 75 percent of the aggregate of the total number of meetings of directors and of committee of directors during the time in 1987 that he served as a director. One director, Richard J. Currie, was appointed a director on October 22, 1987, and because he was unable to schedule attendance at one of the sets of meetings remaining between then and the end of the year, his attendance rate dropped below 75 percent.

The following are committees of the directors:

### Audit committee

The committee, composed of the five nonemployee directors and Mr. Peterson, reviews the company's financial statements, accounting practices and business and financial controls. It also recommends the appointment of auditors and reviews their fees. The shareholders' auditors, Price Waterhouse, attend and participate in all meetings. The committee met seven times in 1987.

### Contributions committee

The committee, composed of the five nonemployee directors and Mr. Young, examines policies and programs related to the contribution program and recommends an annual budget for adoption by the directors. The company's contribution program is aimed at enhancing the quality of Canadian life through support for education, health, welfare, community services, sports and culture. The committee met four times in 1987.

### Executive resources committee

The committee, composed of the five nonemployee directors and Mr. Haynes, is responsible for decisions on the compensation of senior management above the level of vice-president, and for reviewing the executive development system, including specific succession plans for senior management positions. It also reviews policy on corporate compensation. The committee met once in 1987.

### Nominations committee

The committee, composed of the five nonemployee directors and Mr. Haynes, recommends to the directors the slate of director candidates to be proposed for election by the shareholders at the annual meeting. It also recommends criteria for the selection and tenure of directors, specific director candidates and the successor to the chief executive officer when vacancies are expected. The committee met twice in 1987.

The nominations committee does not consider director candidates recommended to it directly by shareholders. According to the Canada Business Corporations Act, a shareholder who wishes to nominate director candidates may do so at the annual meeting and, subject to the requirements of the Act, may submit to the company a proposal to nominate director candidates. Such a proposal may be included in the management proxy circular for consideration by the shareholders at the next annual meeting, provided that the proposal is signed by one or more shareholders who in the aggregate represent at least five percent of the shares of the company entitled to vote at the meeting, as provided in the Act.

## The senior executives of your company

| Name, age, and office | Office held since |
| --- | --- |
| Arden R. Haynes, 60, chairman of the board, president (1) and chief executive officer | April 23, 1985 |
| Robert B. Peterson, 50, executive vice-president and chief operating officer | April 23, 1985 |
| William J. Young, 60, executive vice-president and chief financial officer | April 23, 1985 |
| Douglas D. Baldwin, 51, president and chief executive officer, Esso Resources Canada Limited, a wholly-owned significant subsidiary of Imperial Oil Limited | January 31, 1988 |
| William R.K. Innes, 45, vice-president, and president of Esso Chemical Canada, a division of Imperial Oil Limited | August 1, 1986 |
| Gordon H. Thomson, 46, vice-president, and president of Esso Petroleum Canada, a division of Imperial Oil Limited | July 15, 1982 |

(1) Arden R. Haynes was appointed president on October 1, 1982.

All of the above senior executives have been engaged for more than five years at their current occupations or in other executive capacities with the company or its affiliates. All senior executives hold office until their appointment is rescinded by the directors, or by the chief executive officer.

### The remuneration of your directors and senior executives

The aggregate cash remuneration (1) (3) earned in 1987 by six senior executives (including one former senior executive) as a group, while serving as senior executives was $2 897 000.

The five most highly compensated senior executives of the company in 1987 were:

| | Cash remuneration earned in 1987 (1) (dollars) |
| --- | --- |
| Arden R. Haynes | 757 000 |
| Robert B. Peterson | 518 000 |
| William J. Young | 496 000 |
| K. Terry Koonce (2) (3) | 425 000 |
| Gordon H. Thomson | 408 000 |

(1) Consists of salaries, bonuses, company contributions to the Employees Financial Program, and payments to K. Terry Koonce (a former senior executive who returned to Exxon Corporation in early 1988) related to his transfer from Exxon, including payment of contributions on account of his participation in Exxon's Thrift Plan for employees. Employee contributions to the Employees Financial Program are matched by the company to a maximum of five percent of base salary.

(2) K. Terry Koonce did not participate in the company's benefit and compensation plans, but did participate in Exxon's benefit and compensation plans for which the company reimbursed Exxon for certain of those costs.

(3) In 1987, K. Terry Koonce received an additional $176 000 under a plan for transferred employees. The remuneration of employees who transfer between Exxon and the company, and vice versa, is reduced by an amount that represents the income tax that they would have paid in the country of their original employment as if they had not been transferred. Such employees are then reimbursed for the income taxes that they pay in the country of their foreign employment assignment.

The company reimburses senior executives for any income tax they must pay as a result of their use of company airplanes. In 1987, such payments were made to Arden R. Haynes ($12 000), Robert B. Peterson ($1 000) and William J. Young ($4 000).

Senior executives who are not provided with a company-leased automobile are paid a cash allowance. In 1987, such an allowance was paid to Robert B. Peterson ($18 000) and William J. Young ($18 000).

Apart from the compensation set out on this page and under the plans described on the following page, the aggregate cost of other compensation that was not received as cash for service during 1987 by the six senior executives (including one former senior executive) as a group, did not exceed $60 000.

Directors' fees are paid only to nonemployee directors. Nonemployee directors are paid an annual fee of $15 000 for their services as directors, plus $2 000 for each committee on which they serve, an additional $1 000 if they serve as chairman of a committee and $800 for each directors' or committee meeting attended.

### Long term incentive compensation

Long term incentive compensation is granted to retain selected employees and reward them for high performance; the compensation is in the form of units. The potential value of each unit is determined in one of two ways, whichever is higher: (1) the amount by which earnings per share in the year preceding exercise of the unit exceed an average of earnings per share in previous years, or, (2) the amount by which the market price of Class A shares at the time of exercise exceeds a base value determined from the price of Class A shares at the time the units were issued. The units will only have value if either the company's earnings or the market price of Class A shares increase as described in (1) and (2) above. Any resulting payments are made by the company when the employee exercises the unit or in any other manner the company considers appropriate. Each unit is exercisable during a specified number of years beginning after a fixed period.

The following table provides additional information about units granted under the plan.

| | Units granted during 1987 (1) | Cash realized during 1987 on exercise of units granted in previous years (dollars) |
|---|---|---|
| Arden R. Haynes | 11 800 | 912 000 |
| Robert B. Peterson | 7 530 | 333 000 |
| William J. Young | 7 155 | 352 000 |
| K. Terry Koonce | — | — |
| Gordon H. Thomson | 5 770 | 279 000 |
| six senior executives as a group (including one former senior executive) (2) | 36 265 | 2 040 000 |

(1) These units are not currently exercisable. Payment on exercise of these units would be based on an increase, if any, over $3.31 in earnings per share in the year prior to exercise or over $68.74 in the market price of a Class A share, subject to a maximum limitation.

(2) The company has accrued $105 000 in 1987 in respect of future payments under this plan to this group for units granted in previous years that were exercised in 1987.

## Payments to employees who retire

The company's pension plan applies to almost all employees. The plan provides an annual pension of a specified percentage of an employee's "final three year average earnings", multiplied by the employee's years of service, subject to certain requirements concerning age and length of service.

In addition to the pension payable under the plan, the company has paid and may continue to pay a supplemental retirement income to selected executives. The following table shows the estimated undiscounted annual payments, consisting of pension and supplemental retirement income, payable on retirement to persons in specified classifications of remuneration and years of service. The remuneration used to determine the payments on retirement to the individuals named in the remuneration table on page 5 corresponds generally to the remuneration shown in that table. K. Terry Koonce was not a participant in the company's pension plan. As of February 19, 1988, the number of years of service under the pension plan were 37 for Arden R. Haynes, 27 for William J. Young, 28 for Robert B. Peterson, and 24 for Gordon H. Thomson.

| Remuneration for determining payments on retirement (dollars) | Estimated undiscounted annual payments on retirement at the age of 65 after years of service indicated below (dollars) | | | | |
|---|---|---|---|---|---|
| | 20 years | 25 years | 30 years | 35 years | 40 years |
| 400 000 | 128 000 | 160 000 | 192 000 | 224 000 | 256 000 |
| 450 000 | 144 000 | 180 000 | 216 000 | 252 000 | 288 000 |
| 500 000 | 160 000 | 200 000 | 240 000 | 280 000 | 320 000 |
| 550 000 | 176 000 | 220 000 | 264 000 | 308 000 | 352 000 |
| 600 000 | 192 000 | 240 000 | 288 000 | 336 000 | 384 000 |
| 650 000 | 208 000 | 260 000 | 312 000 | 364 000 | 416 000 |
| 700 000 | 224 000 | 280 000 | 336 000 | 392 000 | 448 000 |
| 750 000 | 240 000 | 300 000 | 360 000 | 420 000 | 480 000 |
| 800 000 | 256 000 | 320 000 | 384 000 | 448 000 | 512 000 |
| 850 000 | 272 000 | 340 000 | 408 000 | 476 000 | 544 000 |
| 900 000 | 288 000 | 360 000 | 432 000 | 504 000 | 576 000 |

## If you have a proposal

Any shareholder's proposal that meets the provisions of the Canada Business Corporations Act, and is intended to be presented at the next annual meeting of shareholders, must be received by the company no later than January 19, 1989. The proposal can then be included in the management proxy circular and the proxy for the next annual meeting.

The directors have approved the contents and the sending of this circular to shareholders.

Imperial Oil Limited

R.J. Michaelides
Vice-president, public affairs,
and general secretary

Toronto, Canada
February 19, 1988

*In addition to this management proxy circular and the company's 1987 annual report, you may obtain a copy of the company's latest annual information form or form 10-K or both by writing to the investor relations manager or the vice-president, public affairs, and general secretary at 111 St. Clair Avenue West, Toronto, Canada, M5W 1K3. Those forms contain additional information about the company and are filed each year with Canadian and United States securities commissions and administrators.*

AR36

# Imperial Oil Limited invites you to attend the annual and special meetings of shareholders April 19, 1989, in Toronto.

Dear Shareholder,

It's my pleasure to invite you to attend your company's annual and special meetings of shareholders, to be held in the Metro Toronto Convention Centre, 255 Front Street West, Toronto, Ontario, Canada on Wednesday April 19, 1989 at 11 a.m. local time.

The meetings are called to consider the consolidated financial statements for the year ended December 31, 1988, and the auditors' report, and to receive a report of the company's operations for 1988 and the first quarter of 1989.

Shareholders will also be asked to elect directors, reappoint the auditors, vote on a special resolution to increase the maximum number of authorized Class A and Class B convertible shares to 225 million at separate special meetings of Class A and Class B shareholders, and transact other business that may properly be brought before the meetings.

The management proxy circular, which includes information meeting regulatory requirements, the proxy form, and the company's 1988 annual report are enclosed. They contain information of importance to every shareholder and I encourage you to read them.

If you are unable to attend the meetings in person, we would appreciate your support and participation by completing and returning your proxy so that your wishes may be known and your votes recorded.

A. R. Haynes

Arden R. Haynes,
Chairman and chief executive officer
111 St. Clair Avenue West, Toronto, Canada, M5W 1K3
March 15, 1989

Esso Imperial Oil

# Management proxy circular

(dated as of February 17, 1989)

## Solicitation of proxies

**This circular is furnished by the directors of Imperial Oil Limited in connection with the solicitation of proxies for use in voting at its annual and special meetings of shareholders on April 19, 1989. The proxies will be used in the election of directors, the reappointment of auditors, the voting on the special resolution to increase the maximum number of authorized shares, and in any other business that may properly be brought before the annual and special meetings.**

Proxies will be solicited primarily by mail, but may also be solicited personally by employees. The company will bear the cost of the solicitation.

## How your proxies will be used

Shares represented by proxy (either on the accompanying form or on any other valid proxy) will be voted or withheld from voting, in accordance with the instructions given by the shareholder, on any ballot that may be called for at the annual and special meetings.

**In the absence of instructions, the shares will be voted for the election of directors, for the reappointment of the auditors, and for authorizing the special resolution to increase the maximum number of authorized shares, as stated in bold type on pages 1 to 3.**

The accompanying proxy gives the persons named in it the discretionary authority to act on amendments to matters identified in the invitation to attend the meetings or any additional matters that may properly be brought before the meetings. At the date of this circular, the directors of the company were not aware that any such amendments or additional matters were to be presented for action at the meetings.

## If you wish to revoke your proxy

As a shareholder, you can revoke your proxy for the annual and special meetings or any adjournment of the meetings in any manner permitted by law. This includes depositing a written statement signed by you (or signed by your attorney, authorized in writing) either, a) at the registered office of the company at 111 St. Clair Avenue West, Toronto, Canada, at any time up to and including the last business day before the meetings at which the proxy is to be voted, or b) with the chairman of the meetings on the day of the meetings.

## Information about your voting rights

As of February 28, 1989, there were 167 849 349 Class A convertible shares and 866 752 Class B convertible shares outstanding. Each Class A and B share registered in your name in the list of shareholders entitles you to one vote at the annual and special meetings. (At "class meetings" only the holders of that class of shares are entitled to vote). The list of shareholders is available for inspection during business hours at the registered office of the company at 111 St. Clair Avenue West, Toronto, Canada, and at the annual and special meetings.

The list of shareholders will be prepared as of the close of business on March 14, 1989, which is the record date for determining the shareholders entitled to receive the invitation to attend the annual and special meetings and accompanying management proxy circular and proxy, which will be sent to shareholders on March 15, 1989. Should you have acquired more shares since the date of the list and can provide proof of ownership, you can have those shares added opposite your name in the list of shareholders, so long as you do so at least ten days before the annual and special meetings.

## Reappointment of the auditors

Price Waterhouse have been auditors of the company for more than five years. Representatives of Price Waterhouse are expected to be present at the annual and special meetings and will have the opportunity to make a statement if they desire to do so. Such representatives are expected to be available to respond to appropriate questions.

**Unless a proxy specifies that the shares it represents should be withheld from voting or voted against in the reappointment of the auditors, the potential proxyholders named in the accompanying proxy intend to use it to vote for the reappointment of Price Waterhouse as auditors of the company to hold office until the close of the next annual meeting.**

### Special resolution to increase the maximum number of authorized shares

Separate special meetings of the holders of Class A and Class B shares have been called to vote on a special resolution that would increase the maximum number of authorized shares in each class from 200 000 000 to 225 000 000.

The purpose of the increase in authorized shares is to enable the company to continue to pay stock dividends and to continue to make available the company's Dividend Reinvestment and Share Purchase Plan. In addition, the increase will provide the company with flexibility in future financing.

As a result of the company's offer to purchase all of the outstanding common shares of Texaco Canada Inc., the company issued about 5 000 000 Class A shares to Texaco Canada shareholders and to Exxon. That resulted in a total of about 168 700 000 issued Class A and Class B shares as of February 28, 1989 leaving the company with about 31 300 000 Class A and Class B shares that may be issued, unless the special resolution is passed.

In order to become effective, the special resolution requires a two-third majority of the votes cast at the meetings of the holders of each class of shares. If the special resolution is passed, shareholders' approval will not be sought when additional Class A and Class B shares are issued. The Class A and Class B shares do not carry any right to subscribe for additional shares.

**Unless a proxy specifies that the shares it represents should be withheld from voting or voted against the special resolution to increase the maximum number of authorized shares, the potential proxyholders named in the accompanying proxy intend to use it to vote for the special resolution.**

A shareholder who gives to the company a written objection to the special resolution at or before the meetings of shareholders may, if the special resolution is passed and if the shareholder complies with the dissent procedure of section 190 of the Canada Business Corporations Act, require the company to pay to the shareholder the fair value of the shares held by the shareholder in the class of shares in respect of which the shareholder dissents, determined as of the close of business on the day before the special resolution was passed. A dissenting shareholder must claim under section 190 with respect to all the shares of a class held by the shareholder on behalf of any one beneficial owner and registered in the name of the dissenting shareholder. Within 20 days after the shareholder receives from the company notice of adoption of the special resolution, or, if the shareholder does not receive such notice, within 20 days after the shareholder learns that the resolution has been adopted, a dissenting shareholder shall send to the company a further written notice (the "demand for payment") containing the shareholder's name and address, the number and class of shares in respect of which the shareholder dissents, and a demand for payment of the fair value of the shares. Within 30 days of sending the demand for payment, the dissenting shareholder shall send to the company or its transfer agent the certificates representing the shares in respect of which the shareholder dissents. If the company and a dissenting shareholder do not agree on the fair value of the shareholder's shares, the value may be determined judicially in accordance with section 190.

The preceding is only a brief summary of the procedure to be followed under section 190. It is suggested that you obtain legal advice if you wish to invoke the right of dissent; failure to comply strictly with section 190 may prejudice your right of dissent.

**The following is the special resolution amending the articles of Imperial Oil Limited (herein referred to as the "corporation").**

**Resolved That:**

1. **The articles of the corporation are hereby amended by replacing the first sentence in the first paragraph of Schedule 1 of the articles of the corporation with the following:**

   **"The shares of the corporation shall consist of two hundred and twenty-five million (225 000 000) Class A convertible shares and two hundred and twenty-five million (225 000 000) Class B convertible shares."; and**
2. **Any director, officer or vice-president of the corporation is authorized and directed to sign all documents and to do all things necessary or desirable to implement such amendment including the delivery to the Director, Canada Business Corporations Act of articles of amendment for such purpose.**

### Certain transactions with Exxon Corporation

The amounts paid and received by the company and its subsidiaries on transactions in 1988 with Exxon Corporation and affiliates of Exxon were $599 million and $415 million respectively. The terms of the transactions were as favourable as they would have been with unrelated parties. The transactions were primarily the purchase and sale of crude oil, petroleum and chemical products. Transportation, technical and engineering services were also performed and received. Exxon owns 69.6 percent of the outstanding voting shares of the company.

### Largest Shareholders

To the knowledge of the management of the company, the only shareholders who, as of February 28, 1989, owned beneficially, or owned of record on behalf of one owner, more than five percent of the outstanding Class A or Class B shares of the company are described in the table following.

| Title of class | Name and Address | Amount and nature of ownership | Percent of class | Percent of total shares |
|---|---|---|---|---|
| Class A convertible shares | Exxon Corporation, 1251 Avenue of the Americas, New York, New York 10020 | 117 356 045 shares owned of record and beneficially | 69.9 | 69.6 |
| Class B convertible shares | Newbell & Co. c/o Royal Trust Company P.O. Box 730, Place d'Armes Montreal, Quebec H2Y 3J1 | 520 697 shares owned of record | 60.1 | 0.3 |
| Class B convertible shares | Swisstor & Co. c/o Swiss Bank Corp. (Canada) P.O. Box 103 Toronto, Ontario M5J 1A7 | 62 064 shares owned of record | 7.2 | 0.04 |

### Your directors

Your company has ten directors. Each director is elected to hold office until the close of the next annual meeting.

**Unless a proxy specifies that the shares it represents should be withheld from voting in the election of directors, the potential proxyholders named in the accompanying proxy intend to use it to vote for the election of the following nominees, all of whom are now directors and have been since the dates indicated.**

The directors do not expect that any of the nominees will be unable to serve as a director. However, if that should occur for any reason prior to the meetings, the potential proxyholders reserve the right to vote the shares represented by proxy for another nominee at their discretion, unless the proxy specifies that the shares are to be withheld from voting for all director nominees.

The tables following on pages 3 and 4 provide information on the nominees for election as directors.

| Name and age | Director since | Shares of Imperial Oil Limited beneficially owned (1) Class A | Class B | Shares of Exxon Corporation beneficially owned (1) |
|---|---|---|---|---|
| Douglas D. Baldwin, 52 | November 1, 1988 | 728 | 28 | 100 |
| J. Bruce Buchanan, 59 | September 24, 1979 | 1 120 | — | — |
| Richard J. Currie, 51 | October 22, 1987 | 103 | — | — |
| Pierre Des Marais II, 54 | April 22, 1977 | 120 | — | — |
| Arden R. Haynes, 61 | April 23, 1982 (2) | 10 151 | — | 24 |
| William R. K. Innes, 46 | January 31, 1988 | 4 | — | — |
| Muriel Kovitz, 62 | April 22, 1977 | 1 320 | — | — |
| William A. Macdonald, 61 | April 22, 1977 | 1 080 | — | — |
| Robert B. Peterson, 51 | October 1, 1984 | 5 056 | 102 | — |
| William J. Young, 61 | August 1, 1975 | 2 000 | — | 1 000 |
| Nominees, officers and vice-presidents as a group (3) | | 29 070 | 130 | 2 568 (4) |

(1) This information not being within the knowledge of the company, has been provided by the nominees, the officers and vice-presidents individually.

(2) Arden R. Haynes was previously a director of the company from April 22, 1974 to August 31, 1978.

(3) The nominees, officers and vice-presidents consist of 22 persons who, as a group, own beneficially approximately 0.02 percent of the total number of outstanding shares of the company.

(4) This amount does not include 54 000 shares of Exxon Corporation that may be acquired pursuant to exercisable options granted by Exxon.

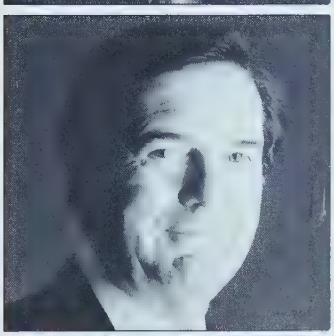
Here are your nominees for election as directors. Their current principal occupation or employment is shown under their names.

**Douglas D. Baldwin,**
president and chief executive officer,
Esso Resources Canada Limited
a wholly-owned significant subsidiary of Imperial Oil Limited

**J. Bruce Buchanan,**
vice-chairman,
British Columbia Packers Limited
(fish and seafood)

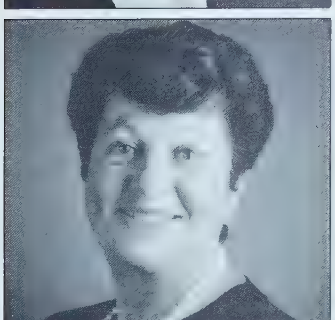
**Richard J. Currie,**
president,
Loblaw Companies Limited
(retail and wholesale food distribution)

**Pierre Des Marais II,**
president and chief executive officer,
UniMédia (1988) Inc.,
(holding company: newspaper publishing, commercial printing and distribution)



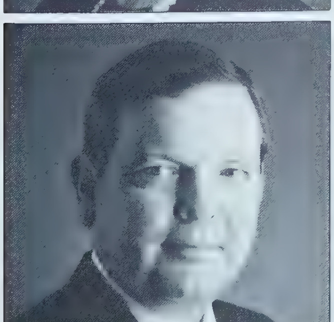
**Arden R. Haynes,**
chairman of the board,
and chief executive officer,
Imperial Oil Limited

**William R. K. Innes,**
vice-president, Imperial Oil Limited, and president of Esso Petroleum Canada, a division of Imperial Oil Limited

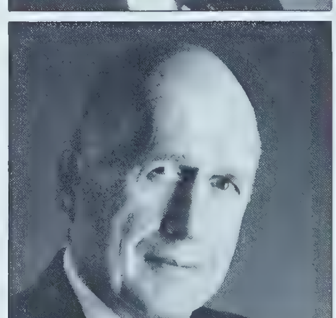


**Muriel Kovitz,**
president,
Murko Investments Ltd.
(property and livestock)

**William A. Macdonald,**
partner, McMillan, Binch
(barristers and solicitors)



**Robert B. Peterson,**
president and chief operating officer, (1)
Imperial Oil Limited



**William J. Young,**
executive vice-president,
and chief financial officer,
Imperial Oil Limited

(1) Robert B. Peterson is also chairman of the board and a director of Esso Resources Canada Limited, a wholly-owned significant subsidiary of Imperial Oil Limited.

All of the nominees have been engaged for more than five years in their present principal occupations or in other executive capacities with the same firm or affiliated firms, except Pierre Des Marais II whose principal occupation was president, Pierre Des Marais Inc. (printing and lithography), for more than three years prior to late October 1986, when he was appointed chairman of the board, president and chief executive officer of Carling O'Keefe Limited (brewery and wine products and natural resources) until mid-1987 when he was appointed to his present positions with UniMédia Limited (now UniMédia (1988) Inc.).

During the five years prior to his appointment as a director of the company effective November 1, 1988, Douglas D. Baldwin was successively production manager, producing department of Exxon Corporation before returning to Esso Resources Canada Limited to become vice-president, business services in May, 1986 and then president and chief executive officer of Esso Resources Canada Limited in January, 1988.

The following nominees are also directors of companies that are subject to reporting requirements under the U.S. Securities Exchange Act of 1934.

| Director | Company |
|---|---|
| Arden R. Haynes | Power Corporation of Canada |
| Arden R. Haynes | Moore Corporation Limited |
| William R. K. Innes | Interhome Energy Inc. (1) |
| Robert B. Peterson | Interhome Energy Inc. |
| William J. Young | Interhome Energy Inc. |

(1) Imperial Oil owns 22.8 percent of the voting shares of Interhome Energy Inc.

## Directors Meetings and Committees

Your directors hold regular meetings and have established a number of committees to deal with specific areas of responsibility. The directors held 11 meetings in 1988; their attendance averaged 94 percent.

Meetings of committees of directors are usually scheduled on the same day as meetings of directors. There were 19 committee meetings in 1988. Directors' attendance at all committee meetings in 1988 averaged 96 percent.

The following are committees of the directors:

### Audit committee

The committee, composed of the five nonemployee directors and Mr. Peterson, reviews the company's annual and quarterly financial statements, accounting practices and business and financial controls. The internal audit program and findings are reviewed with the committee. It also recommends to the board of directors the external auditors to be appointed by the shareholders at each annual meeting, reviews their audit work plan and approves their fees. The shareholders' auditors, Price Waterhouse, attend and participate in all meetings. The committee met seven times in 1988.

### Contributions committee

The committee, composed of the five nonemployee directors and Mr. Young, examines policies and programs related to the contribution program and recommends an annual budget for adoption by the directors. The company's contribution program is aimed at enhancing the quality of Canadian life through support for education, health, welfare, community services, sports and culture. The committee met five times in 1988.

### Executive resources committee

The committee, composed of the five nonemployee directors and Mr. Haynes, is responsible for decisions on the compensation of senior management above the level of vice-president, and for reviewing the executive development system, including specific succession plans for senior management positions. It also reviews policy on corporate compensation. The committee met four times in 1988.

### Nominations committee

The committee, composed of the five nonemployee directors and Mr. Haynes, recommends to the directors the slate of director candidates to be proposed for election by the shareholders at the annual meeting. It also recommends criteria for the selection and tenure of directors, specific director candidates and the successor to the chief executive officer when vacancies are expected. The committee met three times in 1988.

The nominations committee does not consider director candidates recommended to it directly by shareholders. According to the Canada Business Corporations Act, a shareholder who wishes to nominate director candidates may do so at the annual meeting and, subject to the requirements of the Act, may submit to the company a proposal to nominate director candidates. Such a proposal may be included in the management proxy circular for consideration by the shareholders at the next annual meeting, provided that the proposal is signed by one or more shareholders who in the aggregate represent at least five percent of the shares of the company entitled to vote at the meeting, as provided in the Act.

### The senior executives of your company

| Name, age, and office | Office held since |
|---|---|
| Arden R. Haynes, 61, chairman of the board, and chief executive officer | April 23, 1985 |
| Robert B. Peterson, 51, president (1) and chief operating officer | April 23, 1985 |
| William J. Young, 61, executive vice-president and chief financial officer | April 23, 1985 |
| Douglas D. Baldwin, 52, president and chief executive officer, Esso Resources Canada Limited, a wholly-owned significant subsidiary of Imperial Oil Limited | January 31, 1988 |
| Brian J. Fischer, 46, vice-president, and president of Esso Chemical Canada, a division of Imperial Oil Limited | November 1, 1988 |
| William R.K. Innes, 46, vice-president, and president (2) of Esso Petroleum Canada, a division of Imperial Oil Limited | August 1, 1986 |

(1) Robert B. Peterson was appointed president on April 21, 1988.

(2) William R.K. Innes was appointed president of Esso Petroleum Canada on November 1, 1988.

All of the above senior executives have been engaged for more than five years at their current occupations or in other executive capacities with the company or its affiliates. All senior executives hold office until their appointment is rescinded by the directors, or by the chief executive officer.

### The remuneration of your directors and senior executives

The aggregate cash remuneration (1) (2) earned in 1988 by eight senior executives (including two former senior executives) as a group, while serving as senior executives was $3 173 000.

The five most highly compensated senior executives of the company in 1988 were:

| | Cash remuneration earned in 1988 (1) (dollars) |
|---|---|
| Arden R. Haynes | 843 000 |
| Robert B. Peterson | 581 000 |
| William J. Young | 530 000 |
| Gordon H. Thomson (3) | 360 000 |
| William R.K. Innes | 317 000 |

(1) Consists of salaries, bonuses and company contributions to the Employees Financial Program. Employee contributions to the Employees Financial Program are matched by the company to a maximum of five percent of base salary.

(2) Includes additional payments to a former senior executive, who returned to Exxon Corporation in early 1988, related to his transfer from Exxon, including payment of contributions on account of his participation in Exxon's Thrift Plan for employees and payment under a plan for transferred employees. The remuneration of employees who transfer between Exxon and the company, and vice versa, is reduced by an amount that represents the income tax that they would have paid in the country of their original employment as if they had not been transferred. Such employees are then reimbursed for the taxes that they pay in the country of their foreign employment assignment.

(3) On November 1, 1988, Gordon H. Thomson transferred to Exxon Company, U.S.A. as vice-president, marketing. Prior to such transfer he was a vice-president of Imperial Oil and president of Esso Petroleum Canada, a division of Imperial Oil Limited.

The company reimburses senior executives for any income tax they must pay as a result of their use of company airplanes. In 1988, such payments were made to Arden R. Haynes ($12 000), Robert B. Peterson ($400) and William J. Young ($5 000).

Senior executives who are not provided with a company-leased automobile may be paid a cash allowance. In 1988, such an allowance was paid to Robert B. Peterson ($18 000) and William J. Young ($18 000).

Apart from the compensation set out on this page and under the plans described on the following page, senior executives receive non-cash compensation in the form of financial counselling and transportation. In 1988, such non-cash compensation was received by Arden R. Haynes having a value of $36 400 and by the other seven senior executives (including two former senior executives), while serving as senior executives, having a value of $70 900.

Directors' fees are paid only to nonemployee directors. Nonemployee directors are paid an annual fee of $16 000 for their services as directors, plus $2 000 for each committee on which they serve, an additional $1 000 if they serve as chairman of a committee and $850 for each directors' or committee meeting attended.

### Long term incentive compensation

Long term incentive compensation is granted to retain selected employees and reward them for high performance; the compensation is in the form of units. The potential value of each unit is determined in one of two ways, whichever is higher: (1) the amount by which earnings per share in the year preceding exercise of the unit exceed an average of earnings per share in previous years, or, (2) the amount by which the market price of Class A shares at the time of exercise exceeds a base value determined from the price of Class A shares at the time the units were issued. The units will only have value if either the company's earnings or the market price of Class A shares increase as described in (1) and (2) above. Any resulting payments are made by the company when the employee exercises the unit or in any other manner the company considers appropriate. Each unit is exercisable during a specified number of years beginning after a fixed period.

The following table provides additional information about units granted under the plan.

| | Units granted during 1988 (1) | Cash realized during 1988 on exercise of units granted in previous years (dollars) |
|---|---|---|
| Arden R. Haynes | 18 360 | 254 000 |
| Robert B. Peterson | 11 285 | 156 000 |
| William J. Young | 10 435 | 329 000 |
| Gordon H. Thomson | 8 610 | 221 000 |
| William R.K. Innes | 5 940 | 70 000 |
| eight senior executives as a group (including two former senior executives) (2) | 64 850 | 1 368 000 |

(1) These units are not currently exercisable. Payment on exercise of these units would be based on an increase, if any, over $3.69 in earnings per share in the year prior to exercise or over $50.51 in the market price of a Class A share, subject to a maximum limitation.

(2) The company has accrued $599 000 in 1988 in respect of future payments under this plan to this group for units granted in previous years which were exercised in 1988.

**Payments to employees who retire**

The company's pension plan applies to almost all employees. The plan provides an annual pension of a specified percentage of an employee's "final three year average earnings", multiplied by the employee's years of service, subject to certain requirements concerning age and length of service.

In addition to the pension payable under the plan, the company has paid and may continue to pay a supplemental retirement income to selected executives. The following table shows the estimated undiscounted annual payments, consisting of pension and supplemental retirement income, payable on retirement to persons in specified classifications of remuneration and years of service. The remuneration used to determine the payments on retirement to the individuals named in the remuneration table on page 6 corresponds generally to the remuneration shown in that table, except for Gordon H. Thomson whose remuneration in the table is only for the part of the year prior to November 1, 1988. As of February 17, 1989, the number of years of service under the pension plan were 38 for Arden R. Haynes, 28 for William J. Young, 29 for Robert B. Peterson, 25 for Gordon H. Thomson, and 23 for William R.K. Innes.

| Remuneration for determining payments on retirement (dollars) | Estimated undiscounted annual payments on retirement at the age of 65 after years of service indicated below (dollars) | | | | |
|---|---|---|---|---|---|
| | 20 years | 25 years | 30 years | 35 years | 40 years |
| 300 000 | 96 000 | 120 000 | 144 000 | 168 000 | 192 000 |
| 350 000 | 112 000 | 140 000 | 168 000 | 196 000 | 224 000 |
| 400 000 | 128 000 | 160 000 | 192 000 | 224 000 | 256 000 |
| 450 000 | 144 000 | 180 000 | 216 000 | 252 000 | 288 000 |
| 500 000 | 160 000 | 200 000 | 240 000 | 280 000 | 320 000 |
| 550 000 | 176 000 | 220 000 | 264 000 | 308 000 | 352 000 |
| 600 000 | 192 000 | 240 000 | 288 000 | 336 000 | 384 000 |
| 650 000 | 208 000 | 260 000 | 312 000 | 364 000 | 416 000 |
| 700 000 | 224 000 | 280 000 | 336 000 | 392 000 | 448 000 |
| 750 000 | 240 000 | 300 000 | 360 000 | 420 000 | 480 000 |
| 800 000 | 256 000 | 320 000 | 384 000 | 448 000 | 512 000 |
| 850 000 | 272 000 | 340 000 | 408 000 | 476 000 | 544 000 |
| 900 000 | 288 000 | 360 000 | 432 000 | 504 000 | 576 000 |
| 950 000 | 304 000 | 380 000 | 456 000 | 532 000 | 608 000 |
| 1 000 000 | 320 000 | 400 000 | 480 000 | 560 000 | 640 000 |

**If you have a proposal**

Any shareholder's proposal that meets the provisions of the Canada Business Corporations Act, and is intended to be presented at the next annual meeting of shareholders, must be received by the company no later than January 18, 1990. The proposal can then be included in the management proxy circular and the proxy for the next annual meeting.

The directors have approved the contents and the sending of this circular to shareholders.

Imperial Oil Limited

R.J. Michaelides
Vice-president, public affairs,
and general secretary

*In addition to this management proxy circular and the company's 1988 annual report, you may obtain a copy of the company's latest annual information form and form 10-K by writing to the investor relations manager or the vice-president, public affairs, and general secretary at 111 St. Clair Avenue West, Toronto, Canada, M5W 1K3. Those forms contain additional information about the company and are filed each year with Canadian and United States securities commissions and administrators.*

# Imperial Oil Limited invites you to attend the annual meeting of shareholders April 23, 1990 in Toronto

Esso

Imperial Oil

Dear Shareholder,

It's my pleasure to invite you to attend your company's annual meeting of shareholders, to be held in the Metro Toronto Convention Centre, 255 Front Street West, Toronto, Ontario, Canada on Monday April 23, 1990 at 11 a.m. local time.

The meeting is called to consider the consolidated financial statements for the year ended December 31, 1989, and the auditors' report, and to receive a report of the company's operations for 1989 and the first quarter of 1990.

Shareholders will also be asked to elect directors, reappoint the auditors, and transact other business that may properly be brought before the meeting.

The management proxy circular, which includes information meeting regulatory requirements, the proxy form, and the company's 1989 annual report are enclosed. They contain information of importance to every shareholder and I encourage you to read them.

If you are unable to attend the meeting in person, we would appreciate your support and participation by completing and returning your proxy so that your wishes may be known and your votes recorded.

Arden R. Haynes,
Chairman of the board and chief executive officer
111 St. Clair Avenue West, Toronto, Canada, M5W 1K3
March 19, 1990

# MANAGEMENT PROXY CIRCULAR

(dated as of February 19, 1990)

## SOLICITATION OF PROXIES

**This circular is furnished by the directors of Imperial Oil Limited in connection with the solicitation of proxies for use in voting at its annual meeting of shareholders on April 23, 1990. The proxies will be used in the election of directors, the reappointment of auditors, and in any other business that may properly be brought before the annual meeting.**

Proxies will be solicited primarily by mail, but may also be solicited personally by employees. The company will bear the cost of the solicitation.

## HOW YOUR PROXIES WILL BE USED

Shares represented by proxy (either on the accompanying form or on any other valid proxy) will be voted or withheld from voting, in accordance with the instructions given by the shareholder, on any ballot that may be called for at the annual meeting.

**In the absence of instructions, the shares will be voted for the reappointment of the auditors and the election of directors, as stated in bold type on pages 1 and 2.**

The accompanying proxy gives the persons named in it the discretionary authority to act on amendments to matters identified in the invitation to attend the meeting or any additional matters that may properly be brought before the meeting. At the date of this circular, the directors of the company were not aware that any such amendments or additional matters were to be presented for action at the meeting.

## IF YOU WISH TO REVOKE YOUR PROXY

As a shareholder, you can revoke your proxy for the annual meeting, or any adjournment of the meeting, in any manner permitted by law. This includes depositing a written statement signed by you (or signed by your attorney, authorized in writing) either, a) at the registered office of the company at 111 St. Clair Avenue West, Toronto, Canada, at any time up to and including the last business day before the meeting at which the proxy is to be voted, or b) with the chairman of the meeting on the day of the meeting.

## INFORMATION ABOUT YOUR VOTING RIGHTS

As of February 19, 1990, there were 189 800 933 Class A convertible shares and 366 447 Class B convertible shares outstanding. Each Class A and B share registered in your name in the list of shareholders entitles you to one vote at the annual meeting. (At "class meetings" only the holders of that class of shares are entitled to vote). The list of shareholders is available for inspection during business hours at the registered office of the company at 111 St. Clair Avenue West, Toronto, Canada, and at the annual meeting.

The list of shareholders will be prepared as of the close of business on March 16, 1990, which is the record date for determining the shareholders entitled to receive the invitation to attend the annual meeting, and the accompanying management proxy circular and proxy, which will be sent to shareholders on March 19, 1990. Should you have acquired more shares since the date of the list and can provide proof of ownership, you can have those shares added opposite your name in the list of shareholders, so long as you do so at least ten days before the annual meeting.

## REAPPOINTMENT OF THE AUDITORS

Price Waterhouse have been auditors of the company for more than five years. Representatives of Price Waterhouse are expected to be present at the annual meeting and will have the opportunity to make a statement if they desire to do so. Such representatives are expected to be available to respond to appropriate questions.

**Unless a proxy specifies that the shares it represents should be withheld from voting or voted against the reappointment of the auditors, the potential proxyholders named in the accompanying proxy intend to use it to vote for the reappointment of Price Waterhouse as auditors of the company to hold office until the close of the next annual meeting.**

## CERTAIN TRANSACTIONS WITH EXXON CORPORATION

The amounts paid and received by the company and its subsidiaries on transactions in 1989 with Exxon Corporation and affiliates of Exxon were $748 million and $380 million, respectively. The terms of the transactions were as favourable as they would have been with unrelated parties. The transactions were primarily the purchase and sale of crude oil, petroleum and chemical products. Transportation, technical and engineering services were also performed and received. Exxon owns 69.6 percent of the outstanding voting shares of the company.

In 1989, the company sold 17 218 074 Class A shares by private placement to Exxon for $875 million in order for Exxon to maintain its approximate 69.6 percent equity interest in the company. Those shares were issued as part of the initial financing of the Texaco Canada Inc. acquisition in February, 1989 and as part of the restructuring of that financing by a subsequent share issue in June, 1989.

### LARGEST SHAREHOLDERS

To the knowledge of the management of the company, the only shareholders who, as of February 19, 1990, owned beneficially, or owned of record on behalf of one owner, more than five percent of the outstanding Class A or Class B shares of the company are described in the following table.

| Title of class | Name and Address | Amount and nature of ownership | Percent of class | Percent of total shares |
|---|---|---|---|---|
| Class A convertible shares | Exxon Corporation<br>1251 Avenue of the Americas<br>New York, New York 10020 | 132 354 847 shares owned of record and beneficially | 69.7 | 69.6 |
| Class B convertible shares | First Marathon Securities Limited<br>P.O. Box 21<br>2 First Canadian Place<br>Toronto, Ontario M5X 1J9 | 84 110 shares owned of record | 22.9 | 0.04 |
| Class B convertible shares | Swisstor & Co.<br>c/o Swiss Bank Corp. (Canada)<br>P.O. Box 103, Ste. 780<br>Toronto, Ontario M5J 1A7 | 64 122 shares owned of record | 17.5 | 0.03 |
| Class B convertible shares | Shearson Lehman Hutton Inc.<br>250 West Street, 3rd Floor<br>New York, New York 10013 | 20 797 shares owned of record | 5.7 | 0.01 |

### YOUR DIRECTORS

Your company has ten directors. Each director is elected to hold office until the close of the next annual meeting.

**Unless a proxy specifies that the shares it represents should be withheld from voting in the election of directors, the potential proxyholders named in the accompanying proxy intend to use it to vote for the election of the following nominees, all of whom are now directors and have been since the dates indicated.**

The directors do not expect that any of the nominees will be unable to serve as a director. However, if that should occur for any reason prior to the meeting, the potential proxyholders reserve the right to vote the shares represented by proxy for another nominee at their discretion, unless the proxy specifies that the shares are to be withheld from voting for all director nominees.

The tables following on pages 2 and 3 provide information on the nominees for election as directors.

| Name and age | Director since | Shares of Imperial Oil Limited beneficially owned (1) Class A | Class B | Shares of Exxon Corporation beneficially owned (1) |
|---|---|---|---|---|
| Douglas D. Baldwin, 53 | November 1, 1988 | 1189 | — | 100 |
| Ronald A. Brenneman, 43 | October 1, 1989 | 2171 | — | 20 |
| J. Bruce Buchanan, 60 | September 24, 1979 | 1120 | — | — |
| Richard J. Currie, 52 | October 22, 1987 | 107 | — | — |
| Pierre Des Marais II, 55 | April 22, 1977 | 120 | — | — |
| Arden R. Haynes, 62 | April 23, 1982 (2) | 11 565 | — | 25 |
| William R. K. Innes, 47 | January 31, 1988 | 334 | — | — |
| Muriel Kovitz, 63 | April 22, 1977 | 1370 | — | — |
| William A. Macdonald, 62 | April 22, 1977 | 1157 | — | — |
| Robert B. Peterson, 52 | October 1, 1984 | 6285 | 102 | — |
| Nominees, officers and vice-presidents as a group (3) | | 33 757 | 102 | 1589 (4) |

(1) This information not being within the knowledge of the company, has been provided by the nominees, the officers and vice-presidents individually.

(2) Arden R. Haynes was previously a director of the company from April 22, 1974 to August 31, 1978.

(3) The nominees, officers and vice-presidents consist of 23 persons who, as a group, own beneficially approximately 0.02 percent of the total number of outstanding shares of the company.

(4) This amount does not include 55 000 shares of Exxon Corporation that may be acquired pursuant to exercisable options granted by Exxon.

Here are your nominees for election as directors. Their current principal occupation or employment is shown under their names.

**Douglas D. Baldwin,** president and chief executive officer, Esso Resources Canada Limited, a wholly-owned significant subsidiary of Imperial Oil Limited

**Ronald A. Brenneman,** senior vice-president and chief financial officer, Imperial Oil Limited

**J. Bruce Buchanan,** vice-chairman, British Columbia Packers Limited (fish and seafood)

**Richard J. Currie,** president, Loblaw Companies Limited (retail and wholesale food distribution)

**Pierre Des Marais II,** president and chief executive officer, UniMédia (1988) Inc., (holding company: newspaper publishing, commercial printing and distribution)

**Arden R. Haynes,** chairman of the board, and chief executive officer, Imperial Oil Limited

**William R. K. Innes,** vice-president, Imperial Oil Limited, and president of Esso Petroleum Canada, a division of Imperial Oil Limited

**Muriel Kovitz,** president, Murko Investments Ltd. (property and livestock)

**William A. Macdonald,** partner, McMillan, Binch (barristers and solicitors)

**Robert B. Peterson,** president and chief operating officer, (1) Imperial Oil Limited

(1) Robert B. Peterson is also chairman of the board and a director of Esso Resources Canada Limited, a wholly-owned significant subsidiary of Imperial Oil Limited.

All of the nominees have been engaged for more than five years in their present principal occupations or in other executive capacities with the same firm or affiliated firms, except Pierre Des Marais II whose principal occupation was president, Pierre Des Marais Inc. (printing and lithography), for more than two years prior to late October 1986, when he was appointed chairman of the board, president and chief executive officer of Carling O'Keefe Limited (brewery and wine products and natural resources) until mid-1987 when he was appointed to his present positions with UniMédia Limited (now UniMédia (1988) Inc.).

Ronald A. Brenneman joined Imperial Oil in 1969 as an engineer in Sarnia, Ontario. He subsequently held a number of positions with Imperial Oil, Esso Resources Canada Limited and Exxon Corporation. During the five years prior to his appointment as a director of the company, Mr. Brenneman was successively manager, energy outlook division in the corporate planning department of Exxon, vice president and general manager, production department of Esso Resources and vice president corporate merger, Imperial Oil overseeing the merger of Imperial Oil and Texaco Canada Inc. (now McColl-Frontenac Inc.). On October 1, 1989 he was appointed senior vice-president, chief financial officer and a director.

The following nominees are also directors of companies that are subject to reporting requirements under the U.S. Securities Exchange Act of 1934.

| Director | Company |
|---|---|
| Arden R. Haynes | Power Corporation of Canada |
| Arden R. Haynes | Moore Corporation Limited |
| Ronald A. Brenneman | Interhome Energy Inc. (1) |
| William R. K. Innes | Interhome Energy Inc. |
| Robert B. Peterson | Interhome Energy Inc. |

(1) Imperial Oil owns 22.8 percent of the voting shares of Interhome Energy Inc.

**DIRECTORS MEETINGS AND COMMITTEES**

Your directors hold regular meetings and have established a number of committees to deal with specific areas of responsibility. The directors held 11 meetings in 1989; their attendance averaged 91 percent.

Meetings of committees of directors are usually scheduled on the same day as meetings of directors. There were 17 committee meetings in 1989. Directors' attendance at all committee meetings in 1989 averaged 97 percent.

Regulations require that the management proxy circular includes data on any director who attended, for whatever reason, fewer than 75 percent of the aggregate of the total number of meetings of directors and of committees of directors during the time in 1989 that he served as a director. One director, William R. K. Innes, was unable to attend one of the directors' meetings due to his required involvement in negotiations with Canadian government representatives in connection with the approval under the Canadian Competition Act of the company's acquisition of Texaco Canada, resulting in his attendance rate dropping from 82 to 73 percent.

The following are committees of the directors:

**AUDIT COMMITTEE**

The committee, composed of the five nonemployee directors and Mr. Peterson, reviews the company's annual and quarterly financial statements, accounting practices and business and financial controls. The internal audit program and findings are reviewed with the committee. It also recommends to the directors the external auditors to be appointed by the shareholders at each annual meeting, reviews their audit work plan and approves their fees. The shareholders' auditors, Price Waterhouse, attend and participate in all meetings. The committee met seven times in 1989.

**CONTRIBUTIONS COMMITTEE**

The committee, composed of the five nonemployee directors and Mr. Brenneman, examines policies and programs related to the contribution program and recommends an annual budget for adoption by the directors. The company's contribution program is aimed at enhancing the quality of Canadian life through support for education, health, welfare, community services, culture and sport. The committee met four times in 1989.

**EXECUTIVE RESOURCES COMMITTEE**

The committee, composed of the five nonemployee directors and Mr. Haynes, is responsible for decisions on the compensation of senior management above the level of vice-president, and for reviewing the executive development system, including specific succession plans for senior management positions. It also reviews corporate policy on compensation. The committee met four times in 1989.

**NOMINATIONS COMMITTEE**

The committee, composed of the five nonemployee directors and Mr. Haynes, recommends to the directors the slate of director candidates to be proposed for election by the shareholders at the annual meeting. It also recommends criteria for the selection and tenure of directors, specific director candidates and the successor to the chief executive officer when vacancies are expected. The committee met twice in 1989.

The nominations committee does not consider director candidates recommended to it directly by shareholders. According to the Canada Business

Corporations Act, a shareholder who wishes to nominate director candidates may do so at the annual meeting and, subject to the requirements of the Act, may submit to the company a proposal to nominate director candidates. Such a proposal may be included in the management proxy circular for consideration by the shareholders at the next annual meeting, provided that the proposal is signed by one or more shareholders who in the aggregate represent at least five percent of the shares of the company entitled to vote at the meeting, as provided in the Act.

**The senior executives of your company**

| Name, age, and office | Office held since |
|---|---|
| Arden R. Haynes, 62, chairman of the board, and chief executive officer | April 23, 1985 |
| Robert B. Peterson, 52, president (1) and chief operating officer | April 23, 1985 |
| Ronald A. Brenneman, 43, senior vice-president and chief financial officer | October 1, 1989 |
| Douglas D. Baldwin, 53, president and chief executive officer, Esso Resources Canada Limited, a wholly-owned significant subsidiary of Imperial Oil Limited | January 31, 1988 |
| Brian J. Fischer, 43, vice-president, and president of Esso Chemical Canada, a division of Imperial Oil Limited | November 1, 1988 |
| William R.K. Innes, 47, vice-president, and president (2) of Esso Petroleum Canada, a division of Imperial Oil Limited | August 1, 1986 |

(1) Robert B. Peterson was appointed president on April 20, 1988.

(2) William R.K. Innes was appointed president of Esso Petroleum Canada on November 1, 1988.

All of the above senior executives have been engaged for more than five years at their current occupations or in other executive capacities with the company or its affiliates. All senior executives hold office until their appointment is rescinded by the directors, or by the chief executive officer.

**THE REMUNERATION OF YOUR DIRECTORS AND SENIOR EXECUTIVES**

The aggregate cash remuneration (1) earned in 1989 by seven senior executives (including one former senior executive) as a group, while serving as senior executives was $3 157 000.

The five most highly compensated senior executives of the company in 1989 were:

| | Cash remuneration earned in 1989 (1) (dollars) |
|---|---|
| Arden R. Haynes | $980 000 |
| Robert B. Peterson | 680 000 |
| Douglas D. Baldwin | 377 000 |
| William R.K. Innes | 368 000 |
| William J. Young (2) | 339 000 |

(1) Consists of salaries, bonuses, payments for relocation assistance for transferred employees and company contributions to the Employees Financial Program, while serving as senior executives. Employee contributions to the Employees Financial Program are matched by the Company to a maximum of five percent of base salary.

(2) Prior to retiring, William J. Young was executive vice-president and chief financial officer, and a director of Imperial Oil until October 1, 1989.

The Company reimburses senior executives for any income tax they must pay as a result of their use of company airplanes. In 1989, such payments were made to Arden R. Haynes ($19 000), Robert B. Peterson ($300) and William J. Young ($2 000).

Senior executives who are not provided with a company-leased automobile may be paid a cash allowance. In 1989, such an allowance was paid to Robert B. Peterson ($18 000) and William J. Young ($15 000).

Apart from the compensation set out on this page and under the plans described on the following page, senior executives receive non-cash compensation in the form of financial counselling and transportation. In 1989, such non-cash compensation was received by Arden R. Haynes having a value of $44 000 and by the other six senior executives (including one former senior executive), while serving as senior executives, having a value of $69 000.

Directors' fees are paid only to nonemployee directors. Nonemployee directors are paid an annual fee of $16 000 for their services as directors, plus $2 000 for each committee on which they serve, an additional $1 000 if they serve as chairman of a committee and $1 000 for each directors' or committee meeting attended.

**LONG TERM INCENTIVE COMPENSATION**

Long term incentive compensation is granted to retain selected employees and reward them for high performance; the compensation is in the form of units. The potential value of each unit is determined in one of two ways, whichever is higher: (1) the amount by which earnings per share in the year preceding exercise of the unit exceed an average of earnings per share in previous years, or, (2) the amount by which the market price of Class A shares at the time of exercise exceeds a base value determined from the price of Class A shares at the time the units were issued. The units will only have value if either the company's earnings or the market price of Class A shares increase as described in (1) and (2) above. Any resulting payments are made by the company when the employee exercises the unit or in any other manner the company considers appropriate. Each unit is exercisable during a specified number of years beginning after a fixed period.

The following table provides additional information about units granted under the plan.

| | Units granted during 1989 (1) | Cash realized during 1989 on exercise of units granted in previous years (dollars) |
|---|---|---|
| Arden R. Haynes | 20 115 | $214 000 |
| Robert B. Peterson | 12 645 | 156 000 |
| Douglas D. Baldwin | 6 645 | 98 000 |
| William R.K. Innes | 6 645 | 77 000 |
| William J. Young | 10 855 | 134 000 |
| seven senior executives as a group (including one former senior executive) (2) | 67 985 | 851 000 |

(1) These units are not currently exercisable. Payment on exercise of these units would be based on an increase, if any, over $3.37 in earnings per share in the year prior to exercise or over $52.20 in the market price of a Class A share, subject to a maximum limitation.

(2) The company has accrued $39 000 in 1989 in respect of future payments under this plan to this group for units granted in previous years which were exercised in 1989.

**PAYMENTS TO EMPLOYEES WHO RETIRE**

The company's pension plans apply to almost all employees. The plans provide an annual pension of a specified percentage of an employee's "final three year average earnings", multiplied by the employee's years of service, subject to certain requirements concerning age and length of service.

In addition to the pension payable under the plans, the company has paid and may continue to pay a supplemental retirement income to selected executives. The following table shows the estimated undiscounted annual payments, consisting of pension and supplemental retirement income, payable on retirement to persons in specified classifications of remuneration and years of service. The remuneration used to determine the payments on retirement to the individuals named in the remuneration table on page 5 corresponds generally to the remuneration shown in that table, except for William J. Young whose remuneration in the table is only for part of the year prior to October 1, 1989 and for whom remuneration of $504 000 is applicable to the following table. As of February 19, 1990, the number of years of service used to determine the payments on retirement were 39 for Arden R. Haynes, 30 for Robert B. Peterson, 32 for Douglas D. Baldwin, 24 for William R.K. Innes and 31 for William J. Young.

| Remuneration for determining payments on retirement (dollars) | Estimated undiscounted annual payments on retirement at the age of 65 after years of service indicated below (dollars) | | | | |
|---|---|---|---|---|---|
| | 20 years | 25 years | 30 years | 35 years | 40 years |
| 350 000 | 112 000 | 140 000 | 168 000 | 196 000 | 224 000 |
| 400 000 | 128 000 | 160 000 | 192 000 | 224 000 | 256 000 |
| 450 000 | 144 000 | 180 000 | 216 000 | 252 000 | 288 000 |
| 500 000 | 160 000 | 200 000 | 240 000 | 280 000 | 320 000 |
| 550 000 | 176 000 | 220 000 | 264 000 | 308 000 | 352 000 |
| 600 000 | 192 000 | 240 000 | 288 000 | 336 000 | 384 000 |
| 650 000 | 208 000 | 260 000 | 312 000 | 364 000 | 416 000 |
| 700 000 | 224 000 | 280 000 | 336 000 | 392 000 | 448 000 |
| 750 000 | 240 000 | 300 000 | 360 000 | 420 000 | 480 000 |
| 800 000 | 256 000 | 320 000 | 384 000 | 448 000 | 512 000 |
| 850 000 | 272 000 | 340 000 | 408 000 | 476 000 | 544 000 |
| 900 000 | 288 000 | 360 000 | 432 000 | 504 000 | 576 000 |
| 950 000 | 304 000 | 380 000 | 456 000 | 532 000 | 608 000 |
| 1 000 000 | 320 000 | 400 000 | 480 000 | 560 000 | 640 000 |
| 1 050 000 | 336 000 | 420 000 | 504 000 | 588 000 | 672 000 |

**IF YOU HAVE A PROPOSAL**

Any shareholder's proposal that meets the provisions of the Canada Business Corporations Act, and is intended to be presented at the next annual meeting of shareholders, must be received by the company no later than January 22, 1991. The proposal can then be included in the management proxy circular and the proxy for the next annual meeting.

The directors have approved the contents and the sending of this circular to shareholders.

Imperial Oil Limited

R.J. Michaelides
Vice-president, corporate relations,
and general secretary

*In addition to this management proxy circular and the company's 1989 annual report, you may obtain a copy of the company's latest annual information form and form 10-K by writing to the investor relations manager or the vice-president, corporate relations, and general secretary at 111 St. Clair Avenue West, Toronto, Canada, M5W 1K3. Those forms contain additional information about the company and are filed each year with Canadian and United States securities commissions and administrators.*

# IMPERIAL OIL LIMITED INVITES YOU TO ATTEND THE ANNUAL AND SPECIAL MEETINGS OF SHAREHOLDERS APRIL 22, 1991, IN TORONTO

Dear Shareholder,

It is my pleasure to invite you to attend your company's annual and special meetings of shareholders, to be held in the Metro Toronto Convention Centre, 255 Front Street West, Toronto, Ontario, Canada on Monday April 22, 1991 at 11 a.m. local time.

The meetings are called to consider the consolidated financial statements for the year ended December 31, 1990, and the auditors' report, and to receive a report of the company's operations for 1990 and the first quarter of 1991.

Shareholders will also be asked to elect directors, reappoint the auditors, vote on a special resolution to change the Class A and Class B convertible shares to common shares at separate special meetings of Class A and Class B shareholders, and transact other business that may properly be brought before the meetings.

The management proxy circular, which includes information meeting regulatory requirements, the proxy form, and the company's 1990 annual report are enclosed. They contain information of importance to every shareholder and I encourage you to read them.

If you are unable to attend the meetings in person, we would appreciate your support and participation by completing and returning your proxy so that your wishes may be known and your votes recorded.

Arden R. Haynes

Arden R. Haynes,
Chairman and chief executive officer
111 St. Clair Avenue West, Toronto, Canada, M5W 1K3
March 18, 1991

*For the hearing impaired, an A.S.L. interpreter will be present at the meeting.*

Esso Imperial Oil

# MANAGEMENT PROXY CIRCULAR

(dated as of February 18, 1991)

## SOLICITATION OF PROXIES

**This circular is furnished by the directors of Imperial Oil Limited in connection with the solicitation of proxies for use in voting at its annual and special meetings of shareholders on April 22, 1991. The proxies will be used in the election of directors, the reappointment of auditors, the voting on the special resolution to change the Class A and Class B convertible shares to common shares, and in any other business that may properly be brought before the annual and special meetings.**

Proxies will be solicited primarily by mail, but may also be solicited personally by employees. The company will bear the cost of the solicitation.

## HOW YOUR PROXIES WILL BE USED

Shares represented by proxy (either on the accompanying form or on any other valid proxy) will be voted or withheld from voting, in accordance with the instructions given by the shareholder, on any ballot that may be called for at the annual and special meetings.

**In the absence of instructions, the shares will be voted for the election of directors and for the reappointment of the auditors, and for authorizing the special resolution to change the Class A and Class B convertible shares to common shares, as stated in bold type on pages 1 to 3.**

The accompanying proxy gives the persons named in it the discretionary authority to act on amendments to matters identified in the invitation to attend the meetings or any additional matters that may properly be brought before the meetings. At the date of this circular, the directors of the company were not aware that any such amendments or additional matters were to be presented for action at the meetings.

## IF YOU WISH TO REVOKE YOUR PROXY

As a shareholder, you can revoke your proxy for the annual and special meetings, or any adjournment of the meetings, in any manner permitted by law. This includes depositing a written statement signed by you (or signed by your attorney, authorized in writing) either, a) at the registered office of the company at 111 St. Clair Avenue West, Toronto, Canada, at any time up to and including the last business day before the meetings at which the proxy is to be voted, or b) with the chairman of the meetings on the day of the meetings.

## INFORMATION ABOUT YOUR VOTING RIGHTS

As of February 18, 1991, there were 192 136 170 Class A convertible shares and 244 191 Class B convertible shares outstanding. Each Class A and B share registered in your name in the list of shareholders entitles you to one vote at the annual and special meetings. (At "class meetings" only the holders of that class of shares are entitled to vote). The list of shareholders is available for inspection during business hours at the registered office of the company at 111 St. Clair Avenue West, Toronto, Canada, and at the annual and special meetings.

The list of shareholders will be prepared as of the close of business on March 15, 1991, which is the record date for determining the shareholders entitled to receive the invitation to attend the annual and special meetings and accompanying management proxy circular and proxy, which will be sent to shareholders on March 18, 1991. Should you have acquired more shares since the date of the list and can provide proof of ownership, you can have those shares added opposite your name in the list of shareholders, so long as you do so at least ten days before the annual and special meetings.

## REAPPOINTMENT OF THE AUDITORS

Price Waterhouse have been auditors of the company for more than five years. Representatives of Price Waterhouse are expected to be present at the annual and special meetings and will have the opportunity to make a statement if they desire to do so. Such representatives are expected to be available to respond to appropriate questions.

**Unless a proxy specifies that the shares it represents should be withheld from voting or voted against the reappointment of the auditors, the potential proxyholders named in the accompanying proxy intend to use it to vote for the reappointment of Price Waterhouse as auditors of the company to hold office until the close of the next annual and special meetings.**

## CERTAIN TRANSACTIONS WITH EXXON CORPORATION

The amounts paid and received by the company and its subsidiaries on transactions in 1990 with Exxon Corporation and affiliates of Exxon were $1397 million and $427 million, respectively. The terms of the transactions were as favourable as they would have been with unrelated parties. The transactions were primarily the purchase and sale of crude oil, petroleum and chemical products. Transportation, technical and engineering services were also performed and received. Exxon owns 69.6 percent of the outstanding voting shares of the company.

## SPECIAL RESOLUTION TO CHANGE THE CLASS A AND CLASS B CONVERTIBLE SHARES TO COMMON SHARES

Separate special meetings of the holders of the Class A and Class B shares have been called to vote on a special resolution to change the Class A and Class B shares to common shares on a share-for-share basis.

Shareholder interest in Class B shares has declined significantly since 1985 when the Canadian income tax treatment for stock dividends and cash dividends was equalized. There is no longer any Canadian tax advantage to holding Class B shares over Class A shares.

The purpose of the change is to simplify the company's share structure into one class of common shares that will have an optional right to a stock dividend payable at the directors' discretion. At present, the company has two classes of shares, the Class A and Class B shares, which are fully interconvertible and are equal in all respects, except that the directors may, but are not required to, pay dividends on the Class B shares by way of a stock dividend of Class B shares having a value, as determined by the directors, that is substantially equivalent to the contemporaneous cash dividend on the Class A shares.

If the special resolution is passed, the directors have determined that the company shall stop paying stock dividends after the company's dividend payment date of July 1, 1991. However, if you wish to continue to receive company shares in lieu of a cash dividend, you can do so by participating in the company's dividend reinvestment and share purchase plan.

It is the company's intention to apply for continued stock exchange listings of the common shares in place of the current stock exchange listings for the Class A and Class B shares.

If the special resolution is approved, the change of the Class A and Class B shares to common shares is expected to be implemented shortly after the company's dividend payment date of July 1, 1991. Class A or Class B share certificates will continue to be valid to evidence your ownership of an equal number of common shares and it is not necessary for you to exchange such certificates for new common share certificates. You will be notified of the date of the change of your shares to common shares.

The text of the special resolution is printed in Appendix A to this management proxy circular.

In order to become effective, the special resolution requires a two-third majority of the votes cast at the meetings of the holders of each class of shares.

**Unless a proxy specifies that the shares it represents should be withheld from voting or voted against the special resolution to change the Class A and Class B shares to common shares, the potential proxyholders named in the accompanying proxy intend to use it to vote for the special resolution.**

A shareholder who gives to the company a written objection to the special resolution at or before the meetings of shareholders may, if the special resolution is passed and if the shareholder complies with the dissent procedure of section 190 of the Canada Business Corporations Act, require the company to pay to the shareholder the fair value of the shares held by the shareholder in the class of shares in respect of which the shareholder dissents, determined as of the close of business on the day before the special resolution was passed.

The dissent procedure is summarized in Appendix B to this management proxy circular.

## Largest Shareholders

To the knowledge of the management of the company, the only shareholders who, as of February 18, 1991, owned beneficially, or owned of record on behalf of one owner, more than five percent of the outstanding Class A or Class B shares of the company are described in the following table.

| *Title of class* | *Name and Address* | *Amount and nature of ownership* | *Percent of class* | *Percent of total shares* |
|---|---|---|---|---|
| Class A convertible shares | Exxon Corporation<br>225 East John W. Carpenter Freeway<br>Irving, Texas 75062-2298 | 133 897 511 shares owned of record and beneficially | 69.7 | 69.6 |
| Class B convertible shares | Swisstor & Co.<br>c/o Swiss Bank Corp. (Canada)<br>P.O. Box 103, Ste. 780<br>Toronto, Ontario M5J 1A7 | 64 641 shares owned of record | 26.47 | 0.03 |
| Class B convertible shares | Shearson Lehman Hutton Inc.<br>250 West Street, 3rd Floor<br>New York, New York 10013 | 21 115 shares owned of record | 8.65 | 0.01 |
| Class B convertible shares | Paul Cuerrier<br>177 Galt Avenue<br>Verdun, Quebec H4G 2P3 | 16 306 shares owned of record and beneficially | 6.68 | 0.01 |
| Class B convertible shares | GEE & Company<br>c/o Canadian Imperial Bank of Commerce, Box 9<br>Commerce Court Postal Station<br>Toronto, Ontario M5L 1G9 | 12 837 shares owned of record | 5.26 | 0.01 |

## YOUR DIRECTORS

Your company has ten directors. Each director is elected to hold office until the close of the next annual meeting.

**Unless a proxy specifies that the shares it represents should be withheld from voting in the election of directors, the potential proxyholders named in the accompanying proxy intend to use it to vote for the election of the following nominees, all of whom are now directors and have been since the dates indicated.**

The directors do not expect that any of the nominees will be unable to serve as a director. However, if that should occur for any reason prior to the meetings, the potential proxyholders reserve the right to vote the shares represented by proxy for another nominee at their discretion, unless the proxy specifies that the shares are to be withheld from voting for all director nominees.

The tables following on pages 3 and 4 provide information on the nominees for election as directors.

All of the nominees have been engaged for more than five years in their present principal occupations or in other executive capacities with the same firm or affiliated firms, except Pierre Des Marais II whose principal occupation was president, Pierre Des Marais Inc. (printing and lithography), for more than one year prior to late October 1986, when he was appointed chairman of the board, president and chief executive officer of Carling O'Keefe Limited (brewery and wine products and natural resources) until mid-1987 when he was appointed to his present positions with UniMédia Limited (now UniMédia (1988) Inc.).

Arden R. Haynes is also a director of Moore Corporation Limited and Power Corporation of Canada, which companies are subject to reporting requirements under the U.S. Securities Exchange Act of 1934.

| *Name and age* | *Director since* | *Shares of Imperial Oil Limited beneficially owned (1)* Class A | Class B | *Shares of Exxon Corporation beneficially owned (1)* |
|---|---|---|---|---|
| Douglas D. Baldwin, 54 | November 1, 1988 | 1 636 | — | 100 |
| Ronald A. Brenneman, 44 | October 1, 1989 | 2 626 | — | 20 |
| J. Bruce Buchanan, 61 | September 24, 1979 | 1 120 | — | — |
| Richard J. Currie, 53 | October 22, 1987 | 110 | — | — |
| Pierre Des Marais II, 56 | April 22, 1977 | 120 | — | — |
| Arden R. Haynes, 63 | April 23, 1982 (2) | 11 846 | — | 26 |
| William R. K. Innes, 48 | January 31, 1988 | 604 | — | — |
| Muriel Kovitz, 64 | April 22, 1977 | 1130 | — | — |
| William A. Macdonald, 63 | April 22, 1977 | 1 193 | — | — |
| Robert B. Peterson, 53 | October 1, 1984 | 4 977 | — | — |
| Nominees, officers and vice-presidents as a group (3) | | 34 246 | — | 6 469 (4) |

(1) This information not being within the knowledge of the company, has been provided by the nominees, the officers and vice-presidents individually.

(2) Arden R. Haynes was previously a director of the company from April 22, 1974 to August 31, 1978.

(3) The nominees, officers and vice-presidents consist of 23 persons who, as a group, own beneficially approximately 0.02 percent of the total number of outstanding shares of the company.

(4) This amount does not include 31500 shares of Exxon Corporation that may be acquired pursuant to exercisable options granted by Exxon.

## DIRECTORS MEETINGS AND COMMITTEES

Your directors hold regular meetings and have established a number of committees to deal with specific areas of responsibility. The directors held 12 meetings in 1990; their attendance averaged 92 percent.

Meetings of committees of directors are usually scheduled on the same day as meetings of directors. There were 21 committee meetings in 1990. Directors' attendance at all committee meetings in 1990 averaged 91 percent.

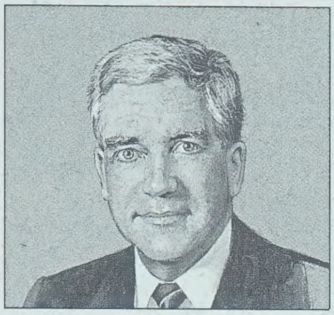
The following are committees of the directors:

### Audit Committee

The committee, composed of the five nonemployee directors and Mr. Peterson, reviews the company's annual and quarterly financial statements, accounting practices and business and financial controls. The internal audit program and findings are reviewed with the committee. It also recommends to the directors the external auditors to be appointed by the shareholders at each annual meeting, reviews their audit work plan and approves their fees. The shareholders' auditors, Price Waterhouse, attend and participate in all meetings. The committee met eight times in 1990.

*(continued on page 5)*

Here are your nominees for election as directors. Their current principal occupation or employment is shown under their names.

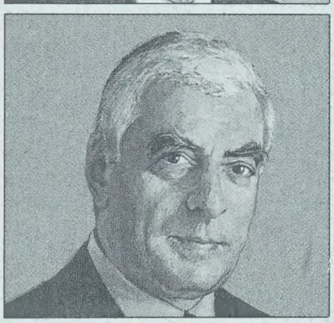


**Douglas D. Baldwin,**
president and chief executive officer,
Esso Resources Canada Limited, a wholly-owned significant subsidiary of Imperial Oil Limited

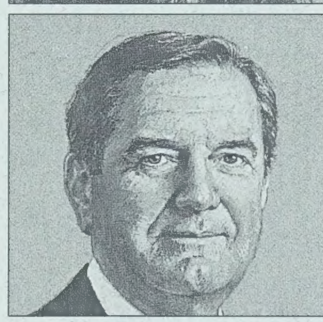
**Ronald A. Brenneman,**
senior vice-president and chief financial officer,
Imperial Oil Limited

**J. Bruce Buchanan,**
vice-chairman,
British Columbia Packers Limited
(fish and seafood)

**Richard J. Currie,**
president,
Loblaw Companies Limited
(retail and wholesale food distribution)



**Pierre Des Marais II,**
president and chief executive officer,
UniMédia (1988) Inc.,
(holding company: newspaper publishing, commercial printing and distribution)



**Arden R. Haynes,**
chairman and chief executive officer,
Imperial Oil Limited

**William R. K. Innes,**
vice-president,
Imperial Oil Limited,
and president of
Esso Petroleum Canada,
a division of Imperial Oil,
a partnership of
Imperial Oil Limited and a wholly owned subsidiary

**Muriel Kovitz,**
president,
Murko Investments Ltd.
(property and livestock)

**William A. Macdonald,**
partner, McMillan, Binch
(barristers and solicitors)

**Robert B. Peterson,**
president and chief operating officer, (1)
Imperial Oil Limited

(1) Robert B. Peterson is also chairman of the board and a director of Esso Resources Canada Limited, a wholly-owned significant subsidiary of Imperial Oil Limited.

**Contributions Committee**

The committee, composed of the five nonemployee directors and Mr. Brenneman, examines policies and programs related to the contributions program and recommends an annual budget for adoption by the directors. The company's contributions program is aimed at enhancing the quality of Canadian life through support for education, health, welfare, community services, culture and sport. The committee met five times in 1990.

**Environment, Health and Safety Committee**

The committee, composed of the five non-employee directors and Mr. Haynes, reviews policies and programs for corporate environmental, health and safety matters. The committee also oversees the company's performance in this area and monitors compliance with regulatory and corporate standards in the company's operations. It also monitors trends and reviews current and emerging policy in these areas. The committee met three times in 1990.

**Executive Resources Committee**

The committee, composed of the five nonemployee directors and Mr. Haynes, is responsible for decisions on the compensation of senior management above the level of vice-president, and for reviewing the executive development system, including specific succession plans for senior management positions. It also reviews corporate policy on compensation. The committee met four times in 1990.

**Nominations Committee**

The committee, composed of the five nonemployee directors and Mr. Haynes, recommends to the directors the slate of director candidates to be proposed for election by the shareholders at the annual meeting. It also recommends criteria for the selection and tenure of directors, specific director candidates and the successor to the chief executive officer when vacancies are expected. The committee met once in 1990.

The nominations committee does not consider director candidates recommended to it directly by shareholders. According to the Canada Business Corporations Act, a shareholder who wishes to nominate director candidates may do so at the annual meeting and, subject to the requirements of the Act, may submit to the company a proposal to nominate director candidates. Such a proposal may be included in the management proxy circular for consideration by the shareholders at the next annual meeting, provided that the proposal is signed by one or more shareholders who in the aggregate represent at least five percent of the shares of the company entitled to vote at the meeting, as provided in the Act.

## THE SENIOR EXECUTIVES OF YOUR COMPANY

| *Name, age, and office* | *Office held since* |
|---|---|
| Arden R. Haynes, 63, chairman and chief executive officer | April 23, 1985 |
| Robert B. Peterson, 53, president (1) and chief operating officer | April 23, 1985 |
| Ronald A. Brenneman, 44, senior vice-president and chief financial officer | October 1, 1989 |
| Douglas D. Baldwin, 54, president and chief executive officer, Esso Resources Canada Limited, a wholly-owned significant subsidiary of Imperial Oil Limited | January 31, 1988 |
| Brian J. Fischer, 44, vice-president, and president of Esso Chemical Canada, a division of Imperial Oil, a partnership of Imperial Oil Limited and a wholly-owned subsidiary | November 1, 1988 |
| William R.K. Innes, 48, vice-president, and president (2) of Esso Petroleum Canada, a division of Imperial Oil, a partnership of Imperial Oil Limited and a wholly-owned subsidiary | August 1, 1986 |

(1) Robert B. Peterson was appointed president on April 20, 1988.

(2) William R.K. Innes was appointed president of Esso Petroleum Canada on November 1, 1988.

All of the above senior executives have been engaged for more than five years at their current occupations or in other executive capacities with the company or its affiliates. All senior executives hold office until their appointment is rescinded by the directors, or by the chief executive officer.

## THE REMUNERATION OF YOUR DIRECTORS AND SENIOR EXECUTIVES

The aggregate cash remuneration (1) earned in 1990 by six senior executives as a group, while serving as senior executives was $3 543 000.

The five most highly compensated senior executives of the company in 1990 were:

| | *Cash remuneration earned in 1990 (1) (dollars)* |
|---|---|
| Arden R. Haynes | 1 100 000 |
| Robert B. Peterson | 729 000 |
| Ronald A. Brenneman | 563 000 |
| Douglas D. Baldwin | 419 000 |
| William R.K. Innes | 400 000 |

(1) Consists of salaries, bonuses, payments for relocation assistance for transferred employees and company contributions to the Employees Financial Program, while serving as senior executives. Employee contributions to the Employees Financial Program are matched by the Company to a maximum of five percent of base salary.

The Company reimburses senior executives for any income tax they must pay as a result of their use of company airplanes. In 1990, such payments were made to Arden R. Haynes ($13 000), Robert B. Peterson ($6 000), and Ronald A. Brenneman ($3 000).

Senior executives who are not provided with a company-leased automobile may be paid a cash allowance. In 1990, such an allowance was paid to Robert B. Peterson ($4 500).

Apart from the compensation set out on the previous page and under the plans described on this page, senior executives receive non-cash compensation in the form of financial counselling and transportation. In 1990, such non-cash compensation was received by Arden R. Haynes having a value of $42 000 and by the other five senior executives, while serving as senior executives, having a value of $117 000.

Directors' fees are paid only to nonemployee directors. Nonemployee directors are paid an annual fee of $24 000 for their services as directors, plus $2 000 for each committee on which they serve, an additional $1 000 if they serve as chair of a committee and $1 000 for each directors' or committee meeting attended.

## Long Term Incentive Compensation

Long term incentive compensation is granted to retain selected employees and reward them for high performance; the compensation is in the form of units. The potential value of each unit is determined in one of two ways, whichever is higher: (1) the amount by which earnings per share in the year preceding exercise of the unit exceed an average of earnings per share in previous years, or, (2) the amount by which the market price of Class A shares at the time of exercise exceeds a base value determined from the price of Class A shares at the time the units were issued. The units will only have value if either the company's earnings or the market price of Class A shares increase as described in (1) and (2) above. Any resulting payments are made by the company when the employee exercises the unit or in any other manner the company considers appropriate. Each unit is exercisable during a specified number of years beginning after a fixed period.

The following table provides additional information about units granted under the plan.

| | *Units granted during 1990 (1)* | *Cash realized during 1990 on exercise of units granted in previous years (dollars)* |
|---|---|---|
| Arden R. Haynes | 23 430 | 28 000 |
| Robert B. Peterson | 14 430 | 21 000 |
| Ronald A. Brenneman | 7 500 | 9 000 |
| Douglas D. Baldwin | 7 940 | — |
| William R.K. Innes | 7 480 | 9 000 |
| six senior executives as a group | 66 680 | 67 000 |

(1) These units are not currently exercisable. Payment on exercise of these units would be based on an increase, if any, over $3.26 in earnings per share in the year prior to exercise or over $50.40 in the market price of a Class A share, subject to a maximum limitation.

## Payments to Employees Who Retire

The company's pension plans apply to almost all employees. The plans provide an annual pension of a specified percentage of an employee's "final three year average earnings", multiplied by the employee's years of service, subject to certain requirements concerning age and length of service.

In addition to the pension payable under the plans, the company has paid and may continue to pay a supplemental retirement income to selected executives. The following table shows the estimated undiscounted annual payments, consisting of pension and supplemental retirement income, payable on retirement to persons in specified classifications of remuneration and years of service. The remuneration used to determine the payments on retirement to the individuals named in the remuneration table on page 5 corresponds generally to the remuneration shown in that table, except for Ronald A. Brenneman for whom remuneration of $365 000 is applicable to the following table. As of February 18, 1991, the number of years of service used to determine the payments on retirement were 40 for Arden R. Haynes, 31 for Robert B. Peterson, 22 for Ronald A. Brenneman, 33 for Douglas D. Baldwin, 25 for William R.K. Innes.

| *Remuneration for determining payments on retirement (dollars)* | *Estimated undiscounted annual payments on retirement at the age of 65 after years of service indicated below (dollars)* | | | | |
|---|---|---|---|---|---|
| | *20 years* | *25 years* | *30 years* | *35 years* | *40 years* |
| 350 000 | 112 000 | 140 000 | 168 000 | 196 000 | 224 000 |
| 400 000 | 128 000 | 160 000 | 192 000 | 224 000 | 256 000 |
| 450 000 | 144 000 | 180 000 | 216 000 | 252 000 | 288 000 |
| 500 000 | 160 000 | 200 000 | 240 000 | 280 000 | 320 000 |
| 550 000 | 176 000 | 220 000 | 264 000 | 308 000 | 352 000 |
| 600 000 | 192 000 | 240 000 | 288 000 | 336 000 | 384 000 |
| 650 000 | 208 000 | 260 000 | 312 000 | 364 000 | 416 000 |
| 700 000 | 224 000 | 280 000 | 336 000 | 392 000 | 448 000 |
| 750 000 | 240 000 | 300 000 | 360 000 | 420 000 | 480 000 |
| 800 000 | 256 000 | 320 000 | 384 000 | 448 000 | 512 000 |
| 850 000 | 272 000 | 340 000 | 408 000 | 476 000 | 544 000 |
| 900 000 | 288 000 | 360 000 | 432 000 | 504 000 | 576 000 |
| 950 000 | 304 000 | 380 000 | 456 000 | 532 000 | 608 000 |
| 1 000 000 | 320 000 | 400 000 | 480 000 | 560 000 | 640 000 |
| 1 050 000 | 336 000 | 420 000 | 504 000 | 588 000 | 672 000 |
| 1 100 000 | 352 000 | 440 000 | 528 000 | 616 000 | 704 000 |
| 1 150 000 | 368 000 | 460 000 | 552 000 | 644 000 | 736 000 |
| 1 200 000 | 384 000 | 480 000 | 576 000 | 672 000 | 768 000 |

## If You Have a Proposal

Any shareholder's proposal that meets the provisions of the Canada Business Corporations Act, and is intended to be presented at the next annual meeting of shareholders, must be received by the company no later than January 22, 1992. The proposal can then be included in the management proxy circular and the proxy for the next annual meeting.

## APPENDIX A

The following is the special resolution amending the articles of Imperial Oil Limited (herein referred to as the "corporation").

Resolved that:

1. The articles of the corporation are hereby amended as follows:
   a) The corporation's authorized, issued and unissued Class A convertible shares and Class B convertible shares are changed into common shares on a share-for-share basis; and
   b) Schedule 1 of item 3 of the articles of the corporation is replaced with the following:

   **"Schedule 1**

   The shares of the corporation shall consist of two hundred and twenty-five million (225,000,000) common shares. The rights attaching to the common shares shall be as follows:

   1. The holders of the common shares shall be entitled:
      a) to one (1) vote in respect of each whole common share held at any meeting of shareholders of the corporation;
      b) subject to paragraph 2 hereof, to receive any dividend declared by the corporation; and
      c) to receive the remaining property of the corporation on dissolution.
   2. In declaring a dividend on the common shares the directors, in their discretion, may provide for the holders of the common shares to have the right to elect to receive payment, in whole or in part, of the dividend by way of a stock dividend of common shares having a value, as determined by the directors, that is substantially equivalent, as of a date or a period of days determined by the directors, to the cash dividend contemporaneously declared on each common share, provided that cash shall be paid in lieu of any fractional interest(s) in common shares that may result from any such stock dividend unless the directors shall otherwise determine; and further provided that the directors, if in their opinion it would be in the best interest of the corporation, may, from time to time, exclude from receiving any such stock dividends, the holders of common shares whose addresses in the records of the corporation are in jurisdictions outside Canada as specified by the directors or who are resident in or subject to the laws of jurisdictions outside Canada as specified by the directors and, in the event of such exclusion, the cash dividend contemporaneously declared on each common share shall be paid to the holders of common shares who are excluded from receiving such stock dividend. The directors, in their discretion, may provide for the payment of a proportionate dividend, either as a cash dividend or as a stock dividend, in respect of fractional shares."

2. Any director, officer or vice-president of the corporation is authorized and directed to sign all documents and to do all things necessary or desirable to implement such amendments, including the delivery to the Director, Canada Business Corporations Act of articles of amendment for such purpose.

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## APPENDIX B

The following is a summary of the dissent procedure of section 190 of the Canada Business Corporations Act.

A dissenting shareholder must claim under section 190 with respect to all the shares of a class held by the shareholder on behalf of any one beneficial owner and registered in the name of the dissenting shareholder. Within 20 days after the shareholder receives from the company notice of adoption of the special resolution, or, if the shareholder does not receive such notice, within 20 days after the shareholder learns that the resolution has been adopted, a dissenting shareholder shall send to the company a further written notice (the "demand for payment") containing the shareholder's name and address, the number and class of shares in respect of which the shareholder dissents, and a demand for payment of the fair value of the shares. Within 30 days of sending the demand for payment, the dissenting shareholder shall send to the company or its transfer agent the certificates representing the shares in respect of which the shareholder dissents. If the company and a dissenting shareholder do not agree on the fair value of the shareholder's shares, the value may be determined judicially in accordance with section 190.

The preceding is only a brief summary of the procedure to be followed under section 190. It is suggested that you obtain legal advice if you wish to invoke the right of dissent; failure to comply strictly with section 190 may prejudice your right of dissent.

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The directors have approved the contents and the sending of this circular to shareholders.

Imperial Oil Limited

R.J. Michaelides
Vice-president, corporate relations,
and general secretary

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*In addition to this management proxy circular, the company's 1990 annual report and 1991 quarterly letter to shareholders, you may obtain a copy of the company's latest form 10-K by writing to the investor relations manager or the vice-president, corporate relations, and general secretary at 111 St. Clair Avenue West, Toronto, Canada, M5W 1K3. That form contains additional information about the company and is filed each year with Canadian and United States securities commissions and administrators.*